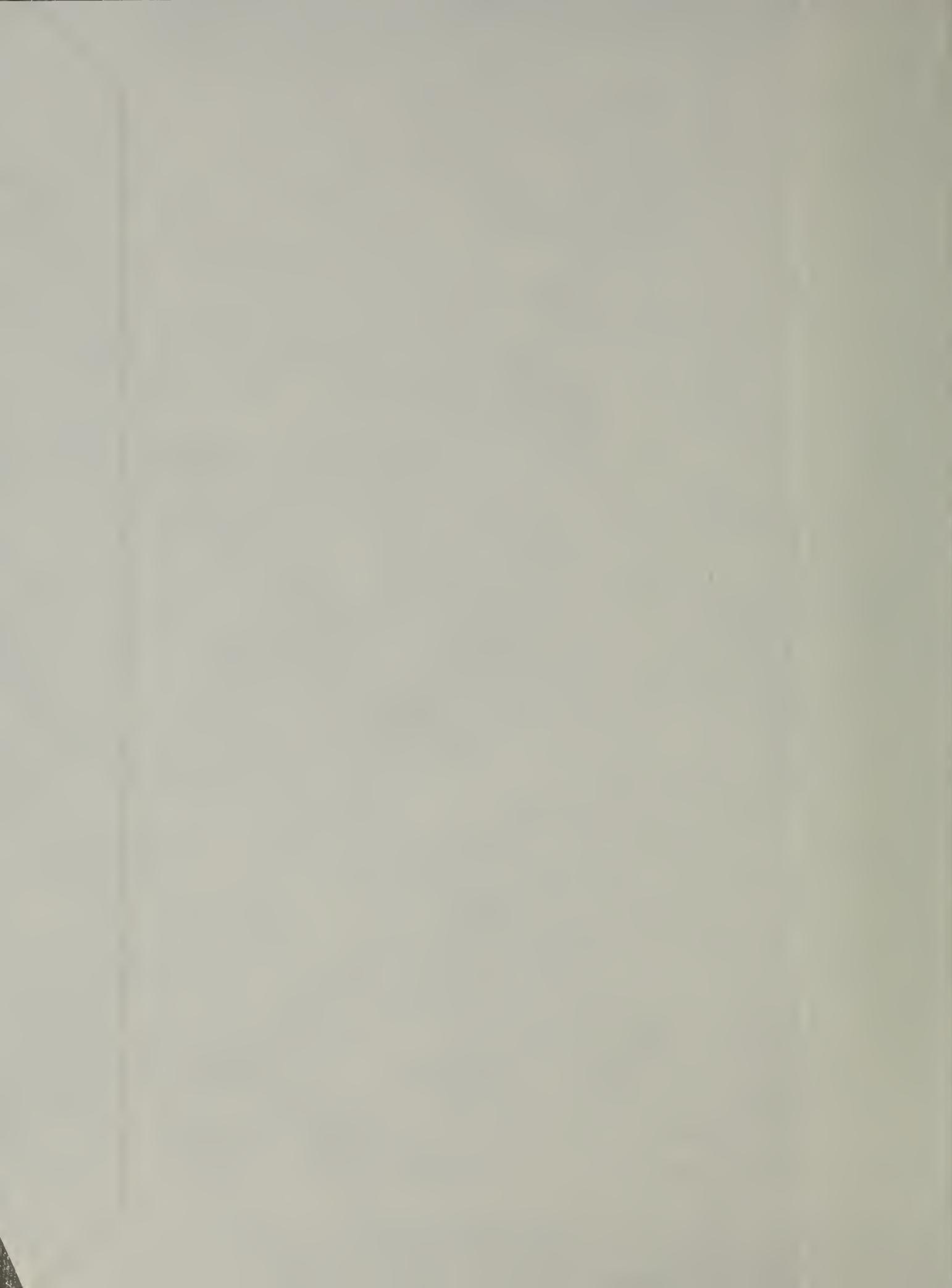


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FALL 1994

A PUBLICATION OF
THE MASSACHUSETTS
HOUSING PARTNERSHIP
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HOUSING PARTNERSHIP

Network

MHP FUND FINANCING — \$50 MILLION AND COUNTING

This has been a busy year for the MHP Fund. After investing substantial time and effort in gearing up, the MHP Fund's lending programs are now in full swing. During the last twelve months, the MHP Fund approved more than \$50 million in financing for multi-family housing and the pipeline shows no sign of slowing.

Included in this total is nearly \$15 million in permanent financing for rental housing, \$30 million in bridge financing for the Massachusetts Housing Equity Fund, which is administered by the Massachusetts Housing Investment Corporation (MHIC), and more than \$5 million in bridge financing. And to top it all off, the MHP Fund and MHIC recently announced **OneSource** — a combination construction/

permanent loan which will make over \$200 million in financing available for rental housing.

All of these numbers add up to more money invested in communities, more affordable housing, and stronger neighborhoods across the state.

Perhaps more impressive than these facts and figures are the developments themselves and the people that are behind them. In Boston, the Women's Institute and Boston Community Services are using MHP Fund financing to turn a former nursing home into affordable housing for families who are working toward economic self-sufficiency. In Chicopee, as part of a neighborhood stabilization effort, the Valley Opportunity Council is using MHP financing to rehabilitate an 8-unit

building that was previously owned by the FDIC. And in Mattapan, Roxbury and Dorchester, local developer Fred Fairfield is using MHP Fund financing to lay the groundwork for a broader community revitalization effort that involves a tenants association and local residents.

In this edition of *Network* we introduce some of people who are using MHP Fund financing to meet the housing needs of the Commonwealth, while contributing to the safety and stability of its neighborhoods. We are excited by these efforts and look forward to continuing to provide the kind of financing, technical assistance and staff support that can help local leaders create affordable housing and strengthen neighborhoods.

IN THIS ISSUE:

OneSource for
Affordable Housing

95 Moreland Street:
A Stepping Stone
Toward Economic
Self-Sufficiency

*Fred Fairfield
and Stephen Key*



A LOTUS BLOOMS IN BOSTON

“Building neighborhoods is how you fight crime and drugs. Building parks, fixing up buildings, supporting businesses, those are the things that give people hope. Those are the things that turn neighborhoods around because they tell people they're important, and their neighborhood is important. With that sense of hope, people don't allow crime. Without it, neighborhoods turn into war zones.” — Fred Fairfield

Continued on page 3

95 MORELAND STREET

A STEPPING STONE TOWARD ECONOMIC SELF-SUFFICIENCY

One of the recent projects to receive MHP Fund financing is 95 Moreland St. — a 12-unit building in Roxbury's Dudley Street neighborhood which will provide affordable housing for families who are working toward economic self-sufficiency.

The project is a joint effort of the Women's Institute for Housing and Economic Development and Boston Communi-

ty Services. It is the first residence in Boston to receive funding through the Family Self Sufficiency Program (FSS) — an exciting new initiative which provides coordinated services to help Section 8 tenants move from public assistance into the workforce.

The Project

The Moreland Street property is a critical one for the Dudley Street neighborhood. When the Women's Institute began working on this project back in 1984, the building was already deteriorating. "We tried to buy the building from the owner ten years ago. It was in bad shape then and now it's even worse. The neighborhood has really suffered," said Martha Solish, Project Manager at the Women's Institute.

In order to gain control of the property, the City of Boston had to go through the tax title and foreclosure process. Finally in 1991, the Women's Institute was designated as the developer and began working with city to develop the property as affordable housing.

When asked why the Women's Institute has stuck with this property for so long, Solish says, "Our constituency is women and their families. We want to be able to provide housing that fits their needs, in ways that meets the needs of the neighborhood. That's what this project does. It will take an abandoned property, that is currently a major blighting

influence on the surrounding neighborhood, and turn it into affordable housing for families who are working to move up and out of poverty."

The Program

Suzanne Forgiore is the Family Self Sufficiency Coordinator with the Boston Housing Authority who will work closely with the twelve families who move into Moreland Street once the rehabilitation is complete.

"This is a very goal-focused program," said Forgiore. "In order to participate, families must set goals and come up with a plan to move to economic self-sufficiency. Everyone's plan is different. It could involve going back to school, finding day care, or setting up a business, but the ultimate goal is to be successful in the workforce."

In addition to its focus on goals, the FSS program differs from the current Section 8 program in the way it provides economic incentives for tenants. Currently, Section 8 tenants pay 30% of their income for rent. That means if their income goes up, tenants pay more. Under the FSS program, any increase in income goes into an escrow account which families can use for school or for a down payment on a home.

"The program gives families a real reason to save and a reason to succeed," said Forgiore. "It offers more than housing. It gives people tools to make their lives better."

Dedication in Codman Square



Dedication ceremony at 766 Washington Street. This project, which is a joint venture between Codman Square CDC and local contractor Michael Stella, received \$70,000 in permanent financing from the MHP Fund. The property includes two affordable rental units and a top floor and a non-profit nursery school on the first floor.



Kids break in the facilities at 766 Washington Street.

A Lotus Blooms in Boston

Continued from Page 1

Ask developer Fred Fairfield what neighborhood revitalization is all about, and that's what he'll tell you.

Fairfield, who grew up in Roxbury and has lived there all his life, has owned, rehabilitated, and managed rental hous-



Fairfield Properties

ing in Boston for the past six years. His latest development, which includes five 6-unit properties located in Roxbury, Dorchester, and Mattapan, has received \$850,000 in permanent financing from the MHP Fund.

These buildings gained notoriety when former owner Charles Smith was sued by tenants and the Union Neighborhood Assistance Corporation (UNAC) for multiple code violations. Smith was later placed under house arrest in one of his worst apartments by Judge E. George Daher, Chief Justice of the Boston Housing Court.

"These buildings were pretty

bad," said Stephen Key, Chairman of the Black Lotus Tenant Association — a group of tenants of the former Smith properties. "There was falling plaster, exposed wiring, and a real rodent and cockroach problem. It was a disaster."

After Smith was sentenced, Fairfield and the City of Boston spent two years working to get control of the properties. "It wasn't an easy process. But after it was over, we were able to move ahead quickly and rehabilitate four of the buildings in one year," said Fairfield.

After rehabilitating all five buildings, Fairfield came to the MHP Fund for permanent financing. "Before I went to MHP, I had to beg lenders just to get a three year note. It was impossible to get any kind of long term financing," said Fairfield. "If these properties were in Wellesley or Natick, it would have been a different story. But they're in Roxbury, so lenders back off. Thank God MHP stepped up to the plate."

While Fred Fairfield has been lining up lenders and overseeing the rehabilitation of the buildings, Stephen Key and the tenants' association have been working to provide outreach to the larger community.

"We decided to name ourselves after the black lotus because the lotus is a flower that blooms at night," said Key. "After living through the Smith years, we felt like we were coming out of the darkness and opening up to the entire community. That's what we're about — doing something pos-

itive for this community."

One of the positive things that Key has done is to establish the Claw Fist Academy of Martial Arts. When Fairfield started rehabilitating the properties, Key, a Kung Fu master who has been involved with martial arts for the past twenty five years, told him about an idea he had for working with kids in the neighborhood. "I told him I wanted to have a place where kids could learn self defense and self respect. He liked the idea and now we have a studio in the basement of one of the buildings," said Key.

The Claw Fist Academy of Martial Arts now has over 20 students who have several World Championships under their belts. Participation in the academy is tied to academic performance. "Kids are required to keep a grade point average of a B-. We want kids to know that school is first," said Key.

For Stephen Key, there is a strong connection between the tenants' association and the academy. "You have to think bigger than buildings. Through things like the martial arts academy and the tenants' association, we have gotten the community behind us. Now the tenants feel like these buildings are theirs, and the community is getting more involved. That's important because if the community isn't behind you, you can't accomplish anything," he said.

TURNING GOOD AS

In cities and towns across the state, local officials and community-based developers are using the MHP Fund's technical assistance programs to turn good ideas into action.

The MHP Fund offers two kinds of technical assistance. *First Look* gives developers rapid advice about property values and project feasibility before they decide which properties to rehab and before they negotiate an acquisition price. The *Community Partnership Initiative* offers up to \$3,000 in technical assistance to explore the feasibility of a

particular affordable housing project or program.

Designed to fit the need of urban and suburban communities alike, these programs can help local officials and community leaders decide during the early stages of a project whether or not a particular project makes sense. "For good projects these programs act like a catalyst. They help make things happen," said Janet Parsons, Program Officer at the MHP Fund. "For some projects, these programs are a 'reality check'. They help a sponsor find out early if a project is not feasible. In that way, they help make sure that public money and time are not wasted on projects that are not viable."

In Springfield, a city which is struggling with large numbers of abandoned properties, three non-profits currently are using MHP Fund technical assistance to develop housing stabilization strategies.

Springfield Neighborhood Housing Services is drawing up affordable housing development plans for a vacant parcel of land. Better Homes for Springfield is developing a refinancing package for two apartment buildings. And the Hungry Hill Community Development Corporation is putting together a rehabilitation strategy for five distressed duplexes on one street.

"We are looking at a street with eight houses," said



Patrick Leahy, Executive Director of the Hungry Hill CDC. "Of the eight, one is in good shape; three are vacant; and the rest are distressed in some way. Obviously we need to make some strategic decisions about which buildings to rehab and which to demolish. First Look will help us do that."

For new CDCs like Hungry Hill, which was established one year ago and became operational last December, technical assistance from the MHP Fund can help simplify the development process.

"We are a new CDC, but with a little help and a lot of hard work, we should be able to pull this off and end up creating some nice homes for people," Leahy said.

Suburban communities are also making the most of the MHP Fund's technical assistance. With \$3,000 in assis-

Rehab in Progress



Rehab in progress at Arch Street in Boston — a 75-unit rental development that has received \$1.4 million in permanent financing from the MHP Fund.

IDEAS INTO ACTION



tance from First Look, the Ipswich Housing Partnership is assessing the rehabilitation potential of two downtown apartment buildings. "There is a real need for affordable housing in the downtown. If we can do something with these buildings, we will turn an eyesore into something to be proud of," said Carl Gardner, Chairman of the Ipswich Housing Partnership.

In addition to providing a quick shot in the arm during the initial stages of a project, the MHP Fund's technical assistance programs are part of a 'soup to nuts' menu of MHP Fund resources that can help take projects right



Orlando Estrada, building resident and manager with his three children; Kevin Torper, founder of Coalition for Proud People; Kathleen Lingenberg, Project Manager, Valley Opportunity Council

affordable homes sponsored by these communities. And, after receiving First Look assistance to negotiate with the Federal Deposit Insurance Corporation, the Town of Northbridge and the Valley Opportunity Council went on to purchase properties in the Northbridge and Chicopee at discounted acquisition prices, and now are rehabilitating these buildings using permanent financing from the MHP Fund.

"The help we got from MHP helped us pull together our plans and gave us credibility with the FDIC. Now with a commitment of permanent financing, we are taking real steps toward strengthening this neighborhood," said Kathleen Lingenberg, Project Manager, Valley Opportunity Council.



through to completion. Local non-profits in Sherborn and Dover, which both received technical assistance through

the Community Partnership Initiative, now are using pre-development funding from MHP to design and lay the groundwork for the first

Patrick Leahy, Executive Director, Hungry Hill CDC and one of the residents of the neighborhood

East Main Street, Chicopee Falls

BUILDING BRIDGES FOR AFFORDABLE RENTAL HOUSING



▲ **Developer**
Tom Welch

Right Photo ▶
Humboldt
Apartments,
Roxbury

With over \$4.5 million in commitments over the past six months, the MHP Fund's Bridge Financing Program is making sure affordable rental developers get the financing they need, when they need it most.

Contrary to what its name suggests, this program does not finance bridges. Instead, it provides up-front financing for the construction and rehabilitation of affordable rental housing. The program serves projects that have received an allocation from the federal Low Income Tax Credit program — the largest federal program specifically targeted toward rental housing — through the state's Executive Office of Communities and Development.

What is a tax credit?

Like many other housing programs, the federal Low Income Housing Tax Credit Program is simple in theory, but complicated in practice. Here's the theory. Federal tax credits are awarded by the Commonwealth to support qualified low-income housing developments. But since housing developers do not typically have enough income to benefit from the credits, they instead "sell" the credits to private investors who then become part owners of the project. This process is called syndication, and it is the way that sponsors use tax credits to raise money needed to cover the cost of construction and rehabilitation.

Where does bridge financing come in?

Here's where things get a little complicated. Investors don't pay for the tax credits all at once. Instead, they make payments over a period of time. Many large corporate investors such as Fannie Mae and Chevron (two of the biggest tax credit investors in the country) stretch out their

it easier to pay the construction bills on time. "Developers spend money for capital improvements in the present, so we need to pay for them in the present. Bridge financing allows us to do that," said Welch.

In June, Mr. Welch received a \$1 million bridge loan from the MHP Fund for a 20-unit apartment building on



payments over a period of 7 to 8 years. However, this schedule is often problematic for project sponsors who almost always need the funds from the sale of the credits right away, to cover costs during the construction period. This is where bridge financing comes in. Project sponsors who have received an award of tax credits and have lined up investors (i.e. syndicated their credits), apply to the MHP Fund for a bridge loan. They use this money to cover rehab and construction costs of their development. The MHP Fund is then paid back over a maximum of nine years by investors.

Who uses bridge financing?

For developers like Tom Welch, bridge financing makes

Humboldt Avenue in Roxbury "Now, I'll be able to pay my contractor," he said. "Bridge financing is a tool that I'm glad is available — and I know a lot of other developers who feel the same way."

Other projects which have commitments of bridge financing from the MHP Fund include Tapley Court, a former school that is being renovated as 30-units of affordable housing in Springfield; and Brookline Street, a new construction project of 77-units of affordable housing in Cambridge.

For more information on the MHP Fund's Bridge Financing Program, please contact Alma Balanon-Rosen, Senior Loan Officer, MHP Fund.

THE SOFT SECOND LOAN PROGRAM TAKES OFF

With \$1 million in additional funding from the Executive Office of Communities and Development, the MHP Fund's Soft Second Loan Program is opening the doors to homeownership in cities and towns across Massachusetts.

"Initiatives like the Soft Second Loan Program reflect the Weld-Cellucci Administration's continuing commitment to help low- and moderate-income individuals achieve homeownership," said Secretary Mary Padula, Executive Office of Communities & Development. "This program is especially helpful to people who find themselves

frozen out of the real estate market because of their level of income. We're proud of the fact that the State has paved the way for hundreds of prospective buyers to become first time homeowners under this program."

Currently in its fourth year of operation, the Soft Second Loan Program has proven to be one of the most effective homeownership programs in

the state. Funded by the Commonwealth and administered by the MHP Fund, the program has helped over 550 families to purchase homes and is the only program which consistently serves families with incomes in the low 20's. The program also enjoys high

homebuyer counseling efforts of the Massachusetts Affordable Housing Alliance (MAHA) and Union Neighborhood Assistance Corporation (UNAC).

"This program is the best deal in town. Nothing can beat it," said Florence Hagins,

who was the first Soft Second homebuyer and is now the co-chair of MAHA's Homebuyer's Union.

Outside of Boston, the program has also enjoyed tremendous success. In cities like Northampton and towns like Ipswich, bankers and community leaders are putting the program to work to meet the affordable



Sandra Knight and her family were one of the first to purchase a home on the Cape through the Soft Second Loan Program. Shown here from left to right: Joseph Epps, Sandra Knight, Joseph Jr., Whitney, and Aisha.

minority participation — 72% of program participants in Boston are minority — and is particularly effective at helping low-income families purchase multifamily properties.

One of the best things about the program is that it works in both urban and suburban communities.

In Boston the program has enjoyed remarkable success, thanks to the marketing and

homeownership needs of their communities. "Affordable homeownership is important. It makes a community stronger," said Sue Monahan, member of the Ipswich Housing Partnership. "There are a lot of people in Ipswich who are working hard but just aren't able to make enough to buy a home. Those are the people we want to help with this program."

OneSource

FOR AFFORDABLE RENTAL HOUSING

This summer, financing affordable housing just got faster, easier, and cheaper.

Network

Housing Partnership *Network* is a publication of the Massachusetts Housing Partnership Fund (MHP Fund), a public/private enterprise established in 1985 to support local efforts to develop and preserve affordable housing. It is supported by the Commonwealth's savings and cooperative banks pursuant to Chapter 405 of the Acts of 1985.

Commonwealth of Massachusetts

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Secretary Mary L. Padula
Executive Office of Communities & Development

Massachusetts Housing Partnership Fund

Vincent P. McCarthy
Clark L. Ziegler

Housing Partnership Network

Tara M. Murphy

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2 Oliver Street
Boston, MA 02109
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With the recent announcement of **OneSource**—a combination construction/permanent loan for affordable multifamily housing—the MHP Fund and the Massachusetts Housing Investment Corporation (MHIC), a private non-profit organization created by banks to expand financing for affordable housing, are teaming up to make more than \$200 million in financing available for affordable rental housing in Massachusetts.

For non-profit and for-profit developers of rental housing, **OneSource** offers a better way to finance the construction, rehabilitation or refinancing of rental properties. Instead of applying to two different lenders—a process which often results in delays, higher costs, and ultimately, fewer developments—developers seeking a **OneSource** loan apply to only one agency and

are therefore subject to only one appraisal, one review of plans, one environmental review, and one standard set of legal documents. In addition, **OneSource** requires no application fees, and offers lower closing costs, including substantially reduced legal fees.

"**OneSource** is just one of the things we're doing to introduce one-stop shopping to the world of affordable housing development," said Clark Ziegler, Executive Director of the MHP Fund. "We want to make the affordable housing system easier and more accessible so that more community-based developers can get the financing they need to create affordable housing and strengthen neighborhoods."

For more information on **OneSource**, call Carl White or Rita Farrell at the MHP Fund at 338-7868.



Massachusetts Housing Partnership Fund

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THE NEWSLETTER OF THE MASSACHUSETTS HOUSING PARTNERSHIP FUND
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BRIDGING THE GAP

The MHP Fund's newest financing vehicle is already producing results. Two loans totaling more than \$4.4 million recently closed under our Bridge Financing Program. The two projects - one in Roxbury and the other in Cambridge - will create 76 units of affordable housing.

being the first rehab project to use a MHP Fund bridge loan. Developer Thomas Welch notes that bridge financing of \$927,000 helped him pay his construction bills on time. "Developers spend money for capital improvements in the present, so we need to pay for them in the present. Bridge

local non-profit community development corporation. Executive Director Peter Daly says a bridge loan of \$3.5 million from the MHP Fund was a key piece of a very complex financing package. "At a time when resources for affordable housing are under assault, the MHP Fund bridge loan is an innovative tool for increasing the usefulness of federal tax credits. Our Auburn Court project was very much in need of additional resources to meet our affordability goals, and the MHP Fund's Bridge Financing Program delivered."

The MHP Fund is currently evaluating bridge financing requests for four additional housing projects located in Boston, Springfield, and Andover that will total another \$13.7 million. For more information about the MHP Fund's project-based Bridge Financing Program, contact Alma Balonon-Rosen at 617/338-7868.



MHP Fund Chairman Vincent P. McCarthy speaks at the Auburn Court groundbreaking.

The MHP Fund's project-based Bridge Financing Program provides loans of \$250,000 to \$5 million to projects that have been allocated federal Low Income Housing Tax Credits (LIHTC) and require financing to bridge the syndication payments from the corporate equity investor. Bridge financing is an important niche for the MHP Fund to fill given the limited number of commercial lenders who are knowledgeable about the mechanics of the LIHTC program.

A 20-unit building on Humboldt Avenue at the corner of Martin Luther King Boulevard in Roxbury has the distinction of

financing allows us to do that. It's a tool that I'm glad is available - and I know a lot of other developers who feel the same way." Tenant Catherine Jones says her new living arrangement has provided peace of mind. "This is a safe and secure place to raise my kids. That's important to me."

In Cambridge, a groundbreaking for Auburn Court was celebrated on April 27. Forty-six of the 77 units to be built at the University Park location in the Cambridgeport neighborhood will house low and moderate income families. The developer is Homeowner's Rehab, Inc., a



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Celebrating 10 years of affordable housing development and neighborhood revitalization

DELEADING SET-ASIDES

Over the last several months the MHP Fund has been instrumental in helping to develop a model financing program for lead paint abatement in the Commonwealth. The model combines loan guarantees from the MHP Fund with monies made available from the Executive Office of Communities and Development's Lead Paint Abatement Program. "The Weld-Cellucci Administration has shown a tremendous commitment to alleviating the threat that lead paint poses to the Commonwealth's young children," said EOCD Secretary Mary L. Padula. "Massachusetts has leveraged millions of dollars in federal and private resources for lead paint abatement and we will continue our efforts to help families afford their dream house and keep their children safe."

Here's how it works: "gap filler" funds from EOCD are matched with financing provided by local banks and loan guarantees from the MHP Fund as part of a pilot program developed with the Massachusetts Bankers Association. The model is now



operational in the Fitchburg/Leominster/Gardner area and on the South Shore through the South Shore Housing Development Corp. Four local lenders in each area are participating. "The MHP Fund's commitment allows banks to offer financing that would otherwise not be available," notes Executive Director Clark L. Ziegler.

Lenders on the South Shore join state and local housing officials to make lead paint abatement a priority.

For further information, eligibility guidelines and participating lenders, contact MHP Fund Community Outreach Director Rita Farrell at 617/338-7868.

Save the Date

The MHP Fund is busy planning a number of upcoming events. On July 13, we've scheduled an all-day housing seminar at the JFK Library in Dorchester focusing on new strategies for affordable housing and neighborhood development in the wake of federal budget cuts. Brochures and registration forms are in the mail. Or call us at 617/338-7868 for more information. On the schedule for this fall is our 10th anniversary dinner. Details on the celebration will be mailed out at the end of the summer. See you on July 13 at the JFK Library!

THE AMERICAN DREAM MADE AFFORDABLE

The word is out about the Soft Second Loan Program. Another 34 communities and housing organizations scattered across the Commonwealth are the latest to sign up to participate in the enormously successful program which qualifies first-time homebuyers for low-cost mortgages. The program is now available in 121 cities and towns through more than 25 participating banks statewide. In the latest funding round, the Executive Office of Communities and Development allocated \$1.4 million in new soft second funding from the Housing Stabilization Fund, a component of the

1993 Housing Bond Bill.

The five-year-old Soft Second Loan Program was developed by the MHP Fund in conjunction with EOCD, the Massachu-

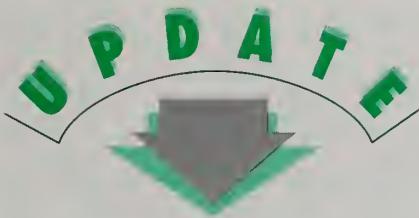
The Soft Second Loan Program is now available in 121 cities and towns through more than 25 participating banks statewide.

sets Bankers Association, and community organizations. To date, the program has provided affordable mortgages to more than 825 low and moderate income families. Call us at 617/338-7868 for more information.



WASHINGTON MEWS, DORCHESTER

The MHP Fund has been very much involved in the ongoing rejuvenation of Codman Square. Local developer Hugh Kelly has transformed an uninhabitable apartment building into new homes for 20 families in the Dorchester neighborhood. The MHP Fund provided a first mortgage of \$400,000 for the Washington Mews project. Four blocks down the road at 766 Washington Street, the MHP Fund used its flexible financing to support a small project with a large impact on the neighborhood. Using \$70,000 in permanent financing from the MHP Fund, developer Michael Stella, in a joint venture with the Codman Square Community Development Corp., has renovated a vacant building into two three-bedroom units and a street-level child care center.



The MHP Fund has been putting to good use the bank financing made available by the state Legislature in 1990 through passage of the Nationwide Interstate Banking and Community Reinvestment Act. To date, we have completed underwriting and made loan commitments for projects in 18 communities totaling more than \$51 million. Here are some examples of our most recent lending activity:



EAGLE HILL, EAST BOSTON

Some much-needed housing stabilization has taken place in the East Boston neighborhood of historic Eagle Hill thanks in part to a \$450,000 permanent first mortgage from the MHP Fund. Neighborhood of Affordable Housing (NOAH), a non-profit community development corporation, has completed the rehabilitation of 17 apartments in three properties. Paula Herrington, NOAH's development director, says the end loan from the MHP Fund was the final piece of the puzzle in finding a long-term solution to urban disinvestment on Eagle Hill. "Converting these abandoned and deteriorated buildings to well-managed, well-maintained properties," Herrington says, "has a stabilizing influence on the whole neighborhood that will continue to be felt for many years to come."

654 METROPOLITAN AVENUE, HYDE PARK

This multifamily project in Hyde Park is an excellent example of the flexibility of MHP Fund financing. Edwin Melendez and Miriam Colon received a first mortgage loan of \$163,000 to purchase the six-unit renovated apartment building located only a few blocks from their own home. They are managing the building themselves and will maintain it as quality affordable housing over the long term.



Emcee Vincent C. Manzi Jr. and state Sen. John D. O'Brien Jr.

WHAT'S NEW AT THE LAWRENCE YMCA

A permanent first mortgage from the MHP Fund of \$1.2 million was part of the financing package put together by the Merrimack Valley YMCA to completely renovate 73 single rooms at the Y's Lawrence branch. On April 5 at a dedication ceremony, state and local housing officials spoke including MHP Fund Executive Director Clark L. Ziegler. "Not only is this project providing decent housing - it's helping to strengthen downtown Lawrence as well," Ziegler said.

The dedication was followed by a tour of the furnished rooms that house homeless and low-income men from Greater Lawrence. Master of ceremonies was Vincent C. Manzi Jr., a member of both the Y and MHP Fund Board of Directors.

The Lawrence Y's SRO rehabilitation project is similar to the renovation of 127 single rooms at the Cambridge YMCA a year ago. The MHP Fund also supported that project with a permanent loan of \$520,000.

Q: Why is Clark University taking this on?

A: We recognize the growing concern of prospective students and their parents to universities located in urban neighborhoods. As with other urban areas, we have seen an increase in blight and disinvestment over the last four to five years. But what's happening here is not a unique problem for urban institutions; it's part of the cycle of urban problems. What we need is an aggressive plan to stop it. And, frankly, it's in Clark's self-interest to get on board. The better our neighborhood is, the better Clark is. The more attractive the neighborhood, the more attractive Clark will be. This self-interest also applies to renters, businesses, and homeowners in our neighborhood.

Q: Are there some key elements now in place that will make this restoration project a success?

A: What we have going for us is a neighborhood that's really stronger than people perceive it to be. It's well-organized at the grass-roots level, there's great housing stock, and it's safer than you might think. Our goal is to build on that foundation to create the best neighborhood in Worcester through what I refer to as the "three i's": improvements, incentives, and investments. Build a package and you begin to tip the balance. For a family with young children this is a great opportunity to buy a home and get the chance to see their kids attend Clark tuition-free. One thing we are sure of is that the way out of urban problems for a lot of kids is education. If we hit these families early, we can raise the level of expectation for these parents and their children.



A healthier environment - both social and physical - is what the University Park Neighborhood Restoration Partnership is all about. It is an aggressive plan to reverse the deterioration of Worcester's Main South, a working-class neighborhood that's also home to Clark University. Financial incentives to spur homeownership and stabilize the area are key components of the restoration project including free tuition at Clark for qualifying residents, and a \$5000 inducement plus annual salary bonuses for up to seven years for university faculty and staff who purchase homes in the neighborhood. The MHP Fund has provided technical assistance. Financial support for the project has come from the City of Worcester which has awarded the Main South Community Development Corp. \$250,000 in HOME funds; a decision on the CDC's application for state housing stabilization funds is imminent. Network talked to Clark University's Jack Foley, executive assistant to the president, to learn more about the restoration project.



Q: Why is this project happening now?

A: Twenty years ago the university viewed the neighborhood with disdain and arrogance. Today we're looked at as an anchor in our neighborhood and in our community. This project just fits philosophically. We've built trust and credibility through our partnership with the Main South CDC. And we're promoting more partnerships with the city, the state, the neighborhood group, new residents, businesses, and the public schools. This approach is also different because it's forcing the project to be neighborhood-based. No plan can succeed from the top down - it works from the bottom up.

Q: Will this be an overnight success?

A: It took this neighborhood 30 years to deteriorate so we understand that it will be a long process to turn it around. Affordable housing isn't the only issue. What we're building is a sense of community that includes safe streets, good schools, availability of jobs - a comprehensive solution to the complex urban dilemma of disinvestment. Worcester is at a cross-roads with crime and blight a serious urban problem. Our project could become a model - a strategy - for the city to replicate in other Worcester neighborhoods to reverse disinvestment.

Q: Why is Clark University investing so much more than financial resources into this project?

A: The University Park Neighborhood Restoration Project is the right thing to do and the only thing to do. Another option would be to put up walls and retreat from the reality around us. But that's not Clark.

A SOUTH SHORE SUCCESS STORY

Copley Gardens is now safely in the hands of the South Shore Housing Development Corp. In January the housing non-profit bought the foreclosed 82-unit apartment complex in Rockland from the Federal Deposit Insurance Corp. A multimillion dollar financing package of state and federal loans and grants will ensure rents are kept affordable and needed renovations are made. The package includes permanent rental-financing of \$1.1 million from the MHP Fund.

At an open house on Jan. 16, keynote speaker Rep. Barney Frank, a longtime advocate of affordable housing, said, "This is the kind of bang for the buck that we in the federal government should be looking for. It's important that there be quality housing for people who earn wages but can't afford more expensive rents."

Interstate Banking

MHP Fund Executive Director Clark L. Ziegler testified before the Joint Committee on Banks and Banking this spring on Beacon Hill. The hearing was held on proposed state legislation to accelerate interstate banking and branching as authorized by Congress last year.

Ziegler joined Weld Administration officials in strongly supporting the removal of competitive barriers. He also urged the committee to protect the current provisions of state law that require bank financing of the MHP Fund as a condition of bank acquisitions in the Commonwealth. In doing so, he said, "you will ensure that tens of millions of dollars in new financing will be available to address housing needs in Massachusetts."



Greg Cranna

(l-r) CEDAC's Michael Gondek, Rep. Barney Frank, So. Shore Housing Development Corp. Executive Director Steve Dubuque, and MHP Fund Executive Director Clark Ziegler.

STAY TUNED

The proposed acquisition of Shawmut National Corp. by Fleet Financial Group, Inc. has the potential to significantly increase lending for housing and community development in Massachusetts. The Fleet/Shawmut merger is expected to trigger a state banking law that will require a

multimillion dollar financing commitment from Fleet to the MHP Fund. This will enable us to expand our efforts to invest in housing and neighborhood development across the Commonwealth. More details will be available when filings are made with federal and state regulators.

PUTTING CAPITAL TO WORK

A significant financial shot-in-the-arm may soon be coming to a CDC near you thanks to the Working Capital Fund. Developed over the past year by the MHP Fund in conjunction with the Local Initiatives Support Corp. (LISC) and the Massachusetts Association of CDCs, the \$3.5 million reserve will be used to foster a more business-oriented approach by community development corporations, promote strategic planning and provide access to much-needed working capital.

"This initiative will bolster affordable housing production by helping CDCs move projects and programs forward much quicker, instead of having to piece together multiple sources of planning and predevelopment money," says Mat Thall, program director for LISC's Boston office. "Most significant," Thall notes, "is the fact that funders are investing in organizations rather than in specific projects." An announcement is expected soon on which CDCs have been selected for the program.

PARTNERSHIP PROFILE

Housing that's affordable is easy to find in Sherborn - that is if your income falls in the six-figure range. Last year the median price of a home in the upscale Metrowest town was \$365,000, according to *Banker & Tradesman*.

But the Sherborn Community Housing Corp. is planning to change that. The non-profit group expects to break ground next spring on the town's first-ever affordable homeownership project. The two- and three-bedroom units will sell for \$89,000 and \$94,000 respectively. That means a family of four with an income of \$37,000 or less will qualify to buy one of 15 new condominiums. But these are no ordinary, run-of-the-mill condos. The project features a "farmstead" design of two farmhouses, a shed and two barns that will blend in with the town's rural look and feel.

Julie Lovell, chairwoman of the



Sherborn Housing Partnership, has been the driving force behind this seven-year effort. "There have got to be other options for teachers, empty-nesters and retirees to

Sherborn Housing Partnership Chairwoman Julie Lovell looks over plans for the town's first affordable housing development.

be able to afford to live in beautiful towns like Sherborn," Lovell says. "We're also helping the town control its own development. What we don't need is an outside developer coming in and telling us what to do." That's a real possibility because, with no affordable housing, the state's anti-snob zoning law would allow a developer to build affordable units in Sherborn without having to strictly adhere to local zoning codes.

Lovell credits early financial support of \$54,000 from the MHP Fund's predevelopment loan and technical assistance programs for getting the proposal off the ground. "Now," she says, "I can really see this project happening."



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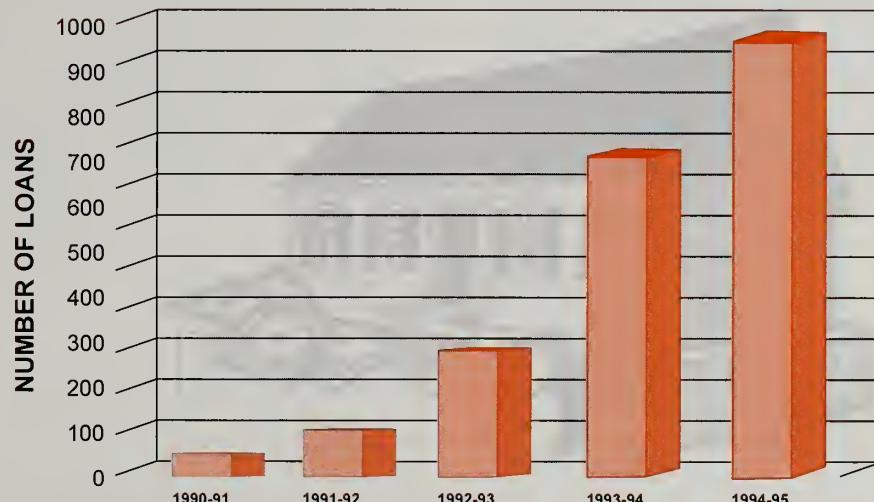
A SOFT SECOND MILESTONE

The most affordable statewide mortgage program in the Commonwealth is about to celebrate a milestone. This fall the MHP Fund's Soft Second Loan Program will close its 1000th loan.

In addition to providing homeownership opportunities to low- and moderate-income families, the program has also helped stabilize neighborhoods in communities all across the Commonwealth through its homebuying power. The program is now up and running in 121 cities and towns with more than 33 local banks participating, including The Sandwich Co-operative Bank. Mortgage Sales Officer Tom Russett says there's a lot to like about the Soft Second Loan Program. "It is the top choice for increasing a buyer's affordability and it's an excellent example of a successful government/business partnership."

But it's not just potential homebuyers who are benefiting. "This program has also contributed to our bank's 'excellent' state and federal CRA ratings," Russett notes. "And from a pure sales point-of-view, the Soft Second Loan Program has increased the opportunity to meet more potential buyers. For banks, more access means more business overall."

The Haas family bought their first home in Northampton for \$105,000. Deborah and Matthew had wanted to buy a house for a long time but coming up with a down



payment was always an obstacle. "The fact that this program accepted a 5 percent down payment and that 2 percent could be a gift made it work for us," Deborah says. "And the soft second mortgage allowed us to get more house for our money."

"The Soft Second Loan Program has shown that low-income families unable to qualify for conventional mortgages are responsible borrowers," notes MHP Fund Executive Director Clark L. Ziegler. "We look forward to helping many more families purchase their first homes in the years ahead."

The five-year-old Soft Second Loan Program was developed by the MHP Fund in conjunction with the state Executive Office of Communities and Development, the Massachusetts Bankers Association, and community organizations. The program has enjoyed such success that during the

past year the state tripled its financial support for the program, using proceeds from the state housing bond bill.

For more information about the Soft Second Loan Program, contact Bret Riley at the MHP Fund at 617/338-7868 ext. 238.

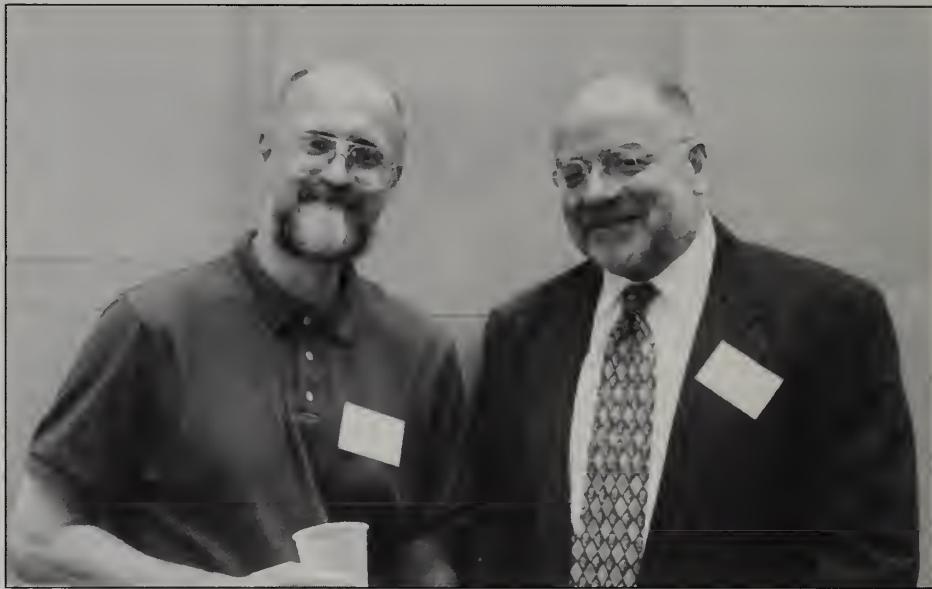
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Brockton promotes homeownership





James Stockard of Stockard & Engler & Brigham facilitates the morning session.



Housing Director John Davis of Burlington, Vt., was luncheon speaker. He's pictured here with MHP Fund Board Chairman Vincent P. McCarthy (r).

SHIFTING GEARS

A one-day workshop organized by the MHP Fund drew more than 100 participants to the John F. Kennedy Library in Dorchester on July 17. Two expert panels discussed the challenges of developing and managing affordable housing in the next decade, considering the major changes now unfolding at all levels of government.

"Shifting Gears" brought together community leaders, local officials, bankers, public and private developers, and managers of affordable housing. The conference was held to strategize about new ways to put limited resources to work to support local housing initiatives, build new public/private partnerships, and stabilize neighborhoods.

MHP Fund Executive Director Clark Ziegler welcomed participants; Secretary Mary Padula of the Executive Office of Communities and Development delivered opening remarks. At lunch, Director of Housing John Davis of Burlington, Vt., spoke about ways to build a viable citywide housing strategy.



Robert Engler of Stockard & Engler & Brigham was the facilitator of the afternoon session. Panelists were (l-r) Robert Kuehn, Keen Development Corp.; Atty. Stephen Nolan, Hill & Barlow; Isabel Newman, Mass. Housing Investment Corp.; Eric Lubershane, Dolben Appraisal & Consulting Co. Inc.; and Mossik Hacobian, Urban Edge Housing Development Corp.

McGowan Elected MBA Chair

The MHP Fund's vice-chairman has taken on a new leadership role in the banking community. Donald J. McGowan has been elected chairman of the Massachusetts Bankers Association for 1995-96. He was tapped for the one-year term at the MBA's annual meeting. Don is president and CEO of Flagship Bank & Trust Company in Worcester. Earlier this year, the U.S. Small Business Administration recognized Don's achievements in the banking industry by naming him its 1995 National Financial Services Advocate of the Year.



33 BOW STREET, SOMERVILLE

The MHP Fund has approved a first mortgage loan of \$490,000 to support the rehab of a condemned four-story walk-up in Union Square in Somerville. The renovation will help revitalize the urban neighborhood and produce 18 units of affordable family housing. Health Stop, a successful medical clinic, will continue to occupy the first floor. Built in 1892, the Bow Street property is one of the first rooming houses ever constructed in the Commonwealth and is listed on the national register of historic places. The project sponsor is the Somerville Community Corp. The SCC's Bill Shelton says the financing from the MHP Fund will give the building and the surrounding neighborhood a new lease on life. "This is the largest project in our new strategy which focuses housing development resources on family housing in properties that have had the worst impact on their neighbors."



1995 has been a busy year for the MHP Fund's Permanent Rental Financing Program. Sixteen projects are in construction and/or have formally accepted our loan commitment and two other permanent loans have been approved and are moving forward. That's in addition to the 17 permanent loans that have closed since 1993. The projects described here demonstrate how the MHP Fund is putting its Permanent Rental Financing Program to work reinvesting in neighborhoods in communities all across the Commonwealth.

176-178 UNION STREET, NORTH ADAMS

A project that will ease considerably the demand for quality affordable SROs in North Adams has received a first mortgage commitment of \$400,000 from the MHP Fund. Owners Charles and Dorothy Ransford plan to rehab two historic brick buildings near downtown in the Western Massachusetts community to provide 41 single room occupancy units.



36-38 BOSTON STREET, SALEM

Stable ownership and long-term quality management are replacing a series of neglectful landlords of two three-story apartment buildings in downtown Salem. Thomas Bubier and Andrew Perkins, both experienced real estate professionals, are purchasing the properties at 36-38 Boston Street and 191-193 Federal Street with the help of \$600,000 in long-term financing from the MHP Fund. Salem City Planner William Luster says the new ownership is welcomed. "Experienced managers are essential to stabilizing properties with a history of bad management," he said. "And with the MHP Fund providing financing and oversight, this purchase is good news for both the tenants and the city."

The husband-wife realty team has extensive experience in the development and management of affordable rental housing in North Adams.

CASHING IN ON TECHNICAL ASSISTANCE

Helping cities and towns get started on all shapes and sizes of affordable housing projects is the purpose behind the MHP's Technical Assistance Fund. With up to \$3000 per project or \$8000 per neighborhood available, experts are brought in early-on to determine if a project is doable.

In Truro, technical assistance is covering some of the cost of engineering services to help the local housing authority evaluate possible sites for two ranch houses offered by the Coast Guard. The

buildings have to be moved as part of the relocation of Highland Light.

On Martha's Vineyard, the Special Parents Association has purchased a house near Vineyard Haven and plans to convert it into a community residence for young adults with developmental disabilities. Technical assistance will cover the cost of architectural plans for structural work and other renovations to make the building handicapped accessible.

In Middlesex County, the Westford

Housing Authority is hiring an architectural firm to help design a development on town-donated land. The proposal includes 12 family and 12 elderly units, and two additional buildings for special needs clients.

And on the elderly housing front, technical assistance from the MHP Fund is being used to move projects forward in Beverly, Bolton, and Leominster.

Call Janet Parsons at 617/338-7868 to find out more about the MHP's Technical Assistance Fund.

Q: What's the greatest challenge facing CDCs today?

A: There's no question that with the retreat of the federal government in community development that it's getting tougher and tougher out here. Those of us in the trenches have to be that much more creative. We have to look to agencies like MHP. The MHP Fund acts in our behest in many respects as our broker with the private sector in leveraging access to capital and access to credit. Just as we provide the external advocacy that brings the resources to the neighborhood, we need agencies like MHP to act as advocates with the private sector.

Q: What's your take on HUD downsizing?

A: Some of what is going on in terms of program consolidation is probably very positive - like giving the states more of a say over how we will use federal money to meet local needs. But there is nothing positive in the kind of mammoth reductions that we're seeing in the HUD budget. We just finished refinancing our portfolio based on commitments we thought we had from the federal government. If the threat to project-based Section 8s were to be realized to the degree that they seem to be threatened, it would be a total disaster for many community-based developers, for-profit and non-profit.

Q: What is your greatest accomplishment as executive director?

A: Two different things. One is the community-building activities that's focused a lot of our work on the needs of populations that sometimes get forgotten in this neighborhood - families and elders. And, two is the advocacy work we've done in the condominium market. The Fenway for so long has been a feeding frenzy for specula-



Ask Barbara Burnham to describe her position as executive director of the Fenway Community Development Corp. and she'll tell you it's the most challenging job she's ever had. The nonprofit owns and manages more than 300 units of housing; the families who live in them speak 16 different languages. "The Fenway," Burnham points out, "is a lot more than Fenway Park." Under her leadership, the CDC has expanded into economic development, social services, employment and training, and condominium stabilization. Network talked with Barbara recently about the highs and lows of working in community development.



Greg Cranna

tion. The option is now there in many Fenway condos for an owner-occupant to buy that unit and to move toward ownership control and resident control of Fenway buildings.

Q: What will the Fenway CDC look like in the future?

A: We're going to have to make some very tough decisions because we're not going to be able to continue everything we're doing now. There's shrinkage everywhere. We're in the process of putting together a strategic plan and we are looking to be creative in terms of other partners that have never been partners before in the concept of community economic development. There's always going to be good times to the degree that we're persistent and we're not going to give up. But are there going to be tough times ahead? We're already in them and it's going to get worse.

Q: What's the good news in the Fenway?

A: The market is still affordable. So if you're a nurses aide with a kid or two and you're a single parent working in one of the hospitals, you can probably buy a condo in the Fenway right now. That means there's some equity appreciation for you and that also means that that building is going to have one more owner-occupant who's going to care about the future of that building.

Q: How can the MHP Fund help you achieve your future goals?

A: MHP is critical to the housing preservation and production that I see coming. We've been working for the last few years to stabilize condominium associations through working with Fannie Mae to open up the homeownership market in the Fenway. Many of these condos were converted without a lot of rehab so many of the associations are now beginning to look at debt financing. We know we can turn to MHP to help us develop a financing product to meet that need.



Construction workers have already begun gutting the former Rainville Hotel. The Springfield landmark will provide affordable homes to 47 low-income residents.

GREEN LIGHT FOR SPRINGFIELD HOUSING

By next spring tenants are expected to be moving into what was once known as the Rainville Hotel in Springfield. At one time the largest rooming house in the city, the property on Byers Street is being converted into 47 affordable efficiency apartments. Financing for the project includes a \$515,000 first mortgage commitment from the MHP Fund and additional resources from the Executive Office of Communities and Development, Shawmut Bank, the Federal Home Loan Bank, and the City of Springfield.

At an event celebrating the closing this summer, Shawmut's David Rockwell, who is also a member of the MHP Fund Loan Committee, said, "This shows that large regional banks can do work in the local community."

Renovations are expected to be completed in six months.

A WIN IN THE FENWAY

It's been a busy fall for the Fenway Community Development Corp. The CDC is in the middle of a major renovation project involving 64-70 Burbank Street in Boston's Fenway neighborhood. The long-awaited rehabilitation of the two apartment buildings will provide affordable rental housing for 36 families.

The properties - originally housing for a diverse population of immigrants as well as students - fell victim to condominium conversion in the 1980s. When the condo market crashed in 1989, the upkeep and management of the buildings deteriorated drastically. The Fenway CDC

stepped into the picture in 1992 and began reclaiming the units.

The CDC credits a public/private partnership that includes the MHP Fund, the Resolution Trust Corp., the City of Boston, and the Executive Office of Communities and Development for making the project happen. A first mortgage commitment of \$570,000 from the MHP Fund is part of the financing package. The target date for completing the renovations is January 1996.

See opposite page for a "Q&A" with Fenway CDC Executive Director Barbara Burnham.

Banker on Board

We are pleased to welcome Robert A. Crowley as the newest member of the MHP Fund Loan Committee. Bob is Executive Vice President and Director of Commercial Real Estate Lending at Citizens Bank in Boston.

The MHP Fund Loan Committee reviews applications and recommends financing for affordable housing projects. Board member Vincent C. Manzi Jr., a Lawrence attorney, is committee chairman. Other members are Rick Muraida, Fleet Bank Vice President; Kate Racer, EOCD Director of Private Housing; David Rockwell, Commercial Real Estate Vice President at Shawmut Bank; and Richard Thal, Executive Director of the Jamaica Plain Neighborhood Development Corp.

Washington Recognition

Twenty-five years of providing affordable housing opportunities have earned the South Shore Housing Development Corp. recognition from the White House. Celebrating its 25th anniversary this summer, the organization received a presidential citation signed by President Clinton marking the milestone. The president commended the nonprofit for its devotion "to caring for the needs of others. You are making your own contribution to the spirit of service that is such an integral part of the American character. The members of the South Shore Housing Development Corporation can take great pride in their dedication over the past twenty-five years... You are helping to create a brighter future for all of us." The organization's executive director, Steve Dubuque, said it's the agency's volunteers and staff who deserve all the credit. "They are the ones who stayed the late hours and learned to access limited resources and get them into the hands of the people who need them. It is their dedication to devoting themselves to others which this citation recognizes."

LUCK OF THE DRAW IN WESTWOOD

This fall's affordable housing lottery in Westwood is a first for that upscale community. More than 1,100 families have put their names into contention for the chance to buy one of 25 homes at Chase Estates, a development of 100 houses with an average price tag of \$300,000. The 25 affordable homes will be sold for a third of that price even though they will be indistinguishable from the more expensive models. Buyers of the affordable units must qualify under the income guidelines for the Local Initiative Program (LIP), an affordable homeownership program developed by the

MHP Fund and administered by the state Executive Office of Communities and Development. LIP allows developers to build more units on less land. In exchange for the increased zoning density, at least 25 percent of the units must be set aside as affordable to low- and moderate-income buyers.

But those families who don't win the Chase Estates lottery will get a second chance. Cedar Hill Estates is another development that has broken ground in Westwood and will produce 14 more affordable homes.

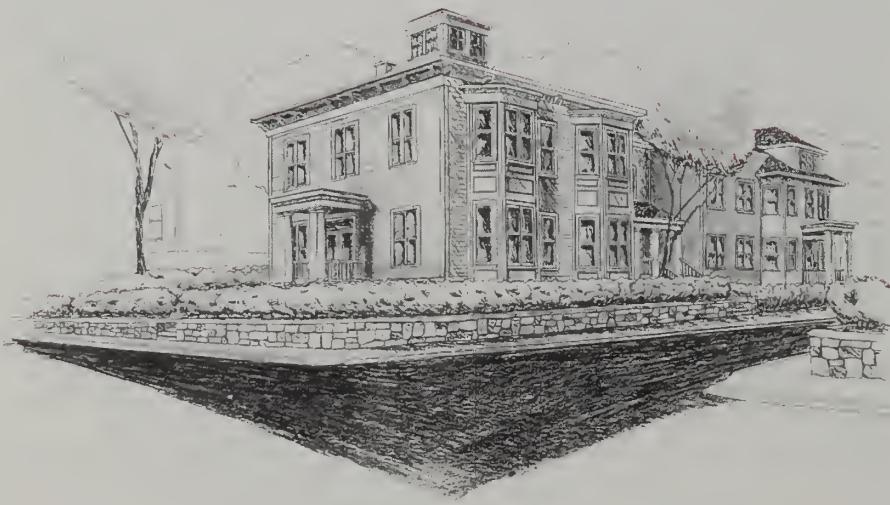
CDC PICKS

Four community development corporations have been selected as the first to participate in the newly-established Working Capital Fund. The program will provide Coalition for a Better Acre, Dorchester Bay Economic Development Corp., Homeowner's Rehab, Inc., and Urban Edge Housing Development Corp. access to much-needed working capital, including lines of credit through the

MHP Fund. Joan Tighe, Dorchester Bay's board president, is "delighted" to have received the support. "It will certainly go a long way in furthering our economic development and housing priorities in our service area," she said. The program was created by the Massachusetts Association of CDCs and the Local Initiatives Support Corp.

MORELAND STREET CELEBRATES

A sunny day in July provided the background for the rededication of 95 Moreland Street in Roxbury. The long-abandoned nursing home is now home to 12 families who have been homeless or are at risk of homelessness. Financing for the Women's Institute for Housing and Economic Development project included a first mortgage loan of \$346,000 from the MHP Fund. Over the next five years, families will work to become financially self-sufficient as participants in a new federal initiative that links permanent housing with supportive services including job training.



BEDFORD HOUSING MATTERS

Promoting cultural diversity is the focus of a new brochure published by the Bedford Housing Partnership. "Bedford Welcomes Diversity" is a follow-up to the Fair Housing Resolution passed by Town Meeting in 1993. Zela Edwards-Elizenberry is a partnership member who helped edit the brochure. "We are very serious about changing the population in Bedford so that it is more diverse," she told the *Bedford Minute Man*. "We wanted to find a vehicle to communicate that to potential homeowners or anyone else who wants to make their residence here." The brochure is full of facts and figures describing Bedford as an ideal community in which to live with its efficient town government, first-rate public schools, and excellent public safety departments. The pamphlet is being distributed to major employers and local colleges and hospitals in the Greater Boston area.

To obtain a free copy of "Bedford Welcomes Diversity," call 617/275-1111.

Network is the newsletter of the Massachusetts Housing Partnership Fund, a public agency created in 1985 and financed by the banking industry to fund affordable housing and neighborhood development in communities throughout the Commonwealth.

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William F. Weld, Governor

A. Paul Cellucci, Lt. Governor

Mary L. Padula, Secretary
Executive Office of Communities &
Development

Vincent P. McCarthy, Chairman

Clark L. Ziegler, Executive Director

Diane Butler, Editor

NEWS CLIPS

The **Sharon Housing Partnership Committee**

is looking for a few good men and women to help Habitat for Humanity rehab the Ares house into an affordable homeownership opportunity. Committee chair **Allison Walsh** told the *Sharon Advocate* that volunteers are needed for everything from "swinging a hammer to providing coffee." The house is on the site of the former Sacred Heart School. To volunteer for the weekend rehab project, call Walsh at 784-8373. . . . Cities and towns across the Commonwealth have been busy making appointments to their local housing partnerships. The Board of Selectmen has approved a new seven-member **Wellesley Housing Partnership Committee**. Members **William Blount**, **Karl Case**, **Stephen Langer**, **Katherine MacDonald**, **Lesli Murray**, **John Schuler**, and **Joellen Toussaint** are charged with finding suitable sites for affordable housing projects in the town. . . . In Haverhill, City Councilor **Betsy Conte** has been named liaison to the **Haverhill Housing Partnership**. . . . In Norton, **Robert Berg** has been reappointed to the **Local Housing Partnership**; Selectman **Robert Kimball** will serve as the Board of Selectmen's representative. . . . One-year appointments made to the **Boxford Housing Partnership** include **Craig Falk**, **Gerald Johnston**, **Louise Kress**, **Carlyle Thomas**, and **Enid Thuemer**. . . . The **Franklin Housing Partnership** welcomes **Christopher Ashe** as a returning member. . . . **Ray Barlow** takes a seat on the **Acushnet Housing Partnership**. . . . and **Lillian Buckley**, **Ernest Covino**, **John**

DeFrancesco, **Phyllis Etsell**, **Jayne Hyde**, **Linda McKenzie**, **Virginia Mooney**, and **Valorie Tobias** have been appointed to the **Burlington Housing Partnership Committee**. . . . MHP Fund staff notes —

Executive Director **Clark Ziegler** and his wife Elane have adopted a baby girl from Korea. Lia Jae joins her new

brothers Sam and Scott. Congratulations! . . . There's also a new Curtiss baby to welcome.

Alexander was born

on July 2 to **Mark**

Curtiss and his wife Debbie. Mark is the

MHP Fund's Director of Lending Programs. . . . The

Boston office may never be the same now that loan officer **Wendy Hanna** is no longer with us. We all wish Wendy the best of luck in her new adventure at the Kennedy School of Government. . . . As we bid Wendy adieu, we're pleased to welcome **Jeffrey**

Washington as our new loan officer. Jeff comes to us from the Boston office of The Arcand Company, a national tax credit syndicator, where he was a senior analyst. A graduate of Boston College, Jeff's experience also includes several years as a member of Shawmut Bank's community reinvestment lending group.



Clark Ziegler



Mark Curtiss

PARTNERSHIP PROFILE

Jim Blake is a man with a mission. As chairman of the Brockton Housing Partnership, he leads an organization that's bully for Brockton. The partnership is putting the finishing touches on a reinvestment plan that targets a multi-block area in the downtown not far from City Hall. "It isn't a housing plan," Jim points out, "it's a neighborhood strategy." Besides offering affordable homeownership opportunities, the partnership is working with a variety of non-profit and civic groups to incorporate other components, including job creation and crime prevention. "If we can create a model that will work here," Jim says, "our intent is to replicate it in the city's most blighted neighborhoods." Federal and state grant programs are being explored to finance the project.

One critical piece of the neighborhood stabilization plan is already producing results. The housing group's development partner - the Brockton Community Corp. - has rehabbed three buildings in the Edgar Playground target area, transforming boarded-up eyesores into



homeownership opportunities; five additional renovations are also underway. "We think there's a sizable group of people out there who don't believe they have the ability to buy a home and are paying pretty significant rent," Jim points out. "We want to try and show them there is an opportunity to buy." But are people willing to invest in Brockton? Jim is optimistic.

A West Park Street duplex is one of eight rehab projects undertaken by the Brockton Community Corp.

"All the components are there. It's a matter of taking some small, positive steps. It's all perception. If people believe it's going to get better, then they will be willing to invest their money which in turn makes it better."



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NETWORK

THE NEWSLETTER OF THE MASSACHUSETTS HOUSING PARTNERSHIP FUND

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Gregg Cranna

PREPARING FOR OUR NEXT DECADE

MHP FUND MARKS 10TH ANNIVERSARY BY CLARK L. ZIEGLER, EXECUTIVE DIRECTOR

As the MHP Fund begins its 10th year, there are momentous changes brewing in the way the federal government supports community development and helps low-income people obtain housing. Deep subsidy programs are on the way out. More funding and more responsibility for housing will be shifted to state and local governments.

As these changes unfold, the role of the MHP Fund has never been more important. We were established a decade ago to challenge conventional wisdom about the government's role in housing, to promote community leadership, and to emphasize private - not just public - investment in our neighborhoods. We

have addressed these issues over the past 10 years and we have gotten results. The MHP Fund has helped organize housing partnerships in more than 200 cities and towns; we have helped more than 2,500 residents of Massachusetts buy their first homes; we have financed the rehabilitation of more than 2,000 housing units in distressed urban neighborhoods; and we have leveraged more than \$300 million in bank financing.

As 1995 unfolds, the MHP Fund is working closely with cities and towns across Massachusetts to take maximum advantage of what we expect to be expanded federal block grants. We are developing new strategies for distressed

The MHP Fund's targeted neighborhood reinvestment has given new life to hundreds of affordable housing units.

urban neighborhoods that emphasize homeownership and private investment in rental housing. And we are supporting neighborhood entrepreneurship in the many forms that it takes, from community development corporations to smaller private landlords. These are hardly new initiatives for the MHP Fund. In fact, these are the programs that have been producing positive results in communities across the Commonwealth for the past decade.

The changes in housing policy now sweeping the country will be difficult and often painful. But with the MHP Fund's long history of working in partnership with local officials, with neighborhood leaders, and with banks and other private institutions, we will do our best to translate these changes into greater housing opportunities and healthier neighborhoods over the next 10 years.



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Celebrating 10 years of affordable housing development and neighborhood revitalization

NETWORK GETS NEW LOOK

Welcome to the MHP Fund's redesigned newsletter! We decided to give Network a fresh new look just in time for our 10th anniversary. We invite your story ideas and any comments or suggestions. Drop us a line or give us a call. We're listening!

GOVERNOR VISITS HOLYOKE NEIGHBORHOOD

The MHP Fund's community outreach in Holyoke's Churchill Neighborhood received some much-appreciated recognition from Governor Weld this fall. The "Gateway to Holyoke," once a thriving, inner city neighborhood, has experienced serious disinvestment. At a gathering of local officials, community activists and school children in the auditorium of a nearby elementary school, the Governor

commended the MHP Fund for its efforts in getting the Churchill Neighborhood Partnership up and running. Governor Weld cited the success of Project Re-claim, part of the MHP Fund's comprehensive Churchill Neighborhood initiative, in which buildings once infested with drug dealers have been boarded-up and secured. "There's no doubt," the Governor noted, "that this is a safer neighbor-

Governor Weld addresses a community meeting in Holyoke.

hood than it was only a year ago."

Contributions of \$12,000 have been raised from Bank of Boston, BayBank, Fleet, Peoples Bank, and Springfield Institution for Savings. The city has donated \$5000; the MHP Fund has contributed \$85,000 to date to the project.



Springfield Union News

Renovation of 61 Maple Street is on VOC's to-do list. The MHP Fund's Rita Farrell discusses the project with (l-r) VOC's Kathleen Lingenberg and Gerry Bilik.

SEEING IS BELIEVING IN CHICOOPEE

The two-block neighborhood in Chicopee Falls targeted for revitalization by the Valley Opportunity Council (VOC) is already showing its potential with the completed renovation of 226 Main Street. Sharon Rodriguez lives in one of the renovated first-floor apartments. "I'm proud to be a tenant here," Sharon says. "It shows that people really do care."

The MHP Fund has been a supporter of the project from the beginning. VOC determined its feasibility with the help of technical assistance from the MHP Fund, which is also providing \$115,000 in permanent rental financing. VOC also plans to use MHP Fund financing to renovate a six-unit development in the neighborhood.

The facelift is a welcome sight to Alderman John Flynn in whose ward the

Churchill Falls neighborhood is located. "This project shows what can be done when we turn good intentions into action." State Sen. Brian Lees and state Rep. Dennis Murphy said congratulations

"I'm proud to be a tenant here. It shows that people really do care."

were in order all around. "It's just so easy to quit," Murphy said. "It's rare to see people roll up their sleeves and get the job done." Speaking for the MHP Fund, community outreach director Rita Farrell noted that "by building a true partnership of local and state support, what you've accomplished here is unequalled anywhere else."



A cause for celebration at the JP Apartments.

JAMAICA PLAIN APARTMENTS

The renovation of 103 units of housing in 10 buildings in Roxbury and Dorchester is now complete. Urban Edge Housing Corporation, one of Boston's largest and most successful CDCs, received a permanent first mortgage of \$1.7 million from the MHP Fund for the project.



6-8 Mechanic Street, Quincy



The MHP Fund's Permanent Rental Financing Program is in high gear thanks to a dramatic increase in the pace of financing commitments approved over the past year. Since the creation of the program in 1991, the MHP Fund has committed more than \$22 million in permanent financing for multifamily properties located throughout the Commonwealth. Over the last several months the MHP Fund has closed loans on the following three projects:

CARITAS COMMUNITIES INC.

The MHP Fund provided \$1.15 million to Caritas Communities to refinance mortgages on five buildings located in Dorchester and Quincy. The 58 single room occupancy (SRO) units house low-income residents of Greater Boston who were on the edge of homelessness or had already become homeless and were living in local shelters. Caritas project manager



The transformation of an eyesore.

123 CRAWFORD STREET, BOSTON

A permanent first mortgage loan of \$395,000 from the MHP Fund helped the Boston Citywide Land Trust finance the renovation of this large, three-story Victorian located in Dorchester. The project has created more than just 17 new units of SRO housing: its renovation has further stabilized the neighborhood and restored a vacant, decrepit building.

Jonathan Wright says, "The MHP Fund's Permanent Rental Financing Program allowed us to achieve our goal of insuring that the housing we provide remains affordable for years to come."

MHP FUNDS T-A

Technical assistance is one of the many valuable resources the MHP Fund has to offer. In 1994, our Technical Assistance Fund provided nearly \$52,000 to explore the feasibility of 15 projects in cities and towns all across the Commonwealth. Funds of up to \$3000 per project or \$8000 per neighborhood are available to communities, non-profit organizations and for-profit developers. The following are just a few of the many interesting affordable housing projects currently being studied.

In Greenfield, a group of tenants is the recipient of technical assistance funds. Members of the Greenfield Country Estates Tenants Association are interested in determining the worth of the mobile home park in which they live as a first step in eventually purchasing the property.

In Holyoke, the city is preparing to use its recently approved technical assistance to hire a consultant to conduct a rental market housing study. The study will be used as a planning tool to develop a revitalization

strategy to help stabilize rental housing, especially in the beleaguered Churchill Neighborhood (see story pg. 2).

And in Central Massachusetts, the Millbury Housing Partnership is using technical assistance to pay for a title examiner. The partnership needs clear title on two lots it owns before building two affordable single family homes.

For more information about the MHP's Technical Assistance Fund, call Janet Parsons at 617/338-7868.

Q: How does the MHP Fund fit into the housing picture as we head into the 21st century?

A: What we're trying to do is to make communities and neighborhoods stronger by investing in decent, affordable housing that does not depend on long-term government subsidies. The whole game of the 90s is to get people working - to give families a way up, not just to create better housing.

Q: Given that the public sector can't do everything, how do you see the state's role changing in housing?

A: There was a period of intense growth in the mid-80s when everyone thought the state could support large-scale housing construction while reutilizing all of the existing housing stock. As a result, we got caught both ways: (1) we created new housing that was built at a high cost and now requires ongoing public assistance; and (2) as tenants migrated to newer and better housing, we inadvertently contributed to the deterioration of the existing housing stock once the real estate bubble finally burst.

Q: What was learned from the 80s?

A: The lessons of the 80s help explain the important role the MHP Fund plays in today's housing market. First, we are focused almost exclusively on the rehabilitation of existing housing. Second, we are supporting housing development where the costs are in line with local real estate markets. And third, we recognize the critical importance of neighborhood strategies, as opposed to making investments one building at a time.



One of the new features of our redesigned newsletter is "Q&A." This is space we set aside in each edition of Network to interview a tenant, homebuyer, banker, developer, government official or affordable housing advocate about the issues of the day.

It's appropriate that in our inaugural newsletter we feature a discussion with the chairman of the MHP Fund. Vincent P. McCarthy, a senior partner at Hale & Dorr in Boston, is currently serving his fourth consecutive term. As we celebrate our 10th anniversary, Vin has some thoughts on what the next decade may hold for the MHP Fund.



Q: What does it take to make a neighborhood strategy successful?

A: In a word, it takes partnership. City and town officials can only do so much by themselves; community-based organizations can only do so much without funding or support from local government. They have to work in partnership, to develop strategies and make the difficult choices together, and build a broad base of support. This approach is epitomized by the MHP Fund's *Neighborhoods First* initiative, and by our work in cities like Worcester and Springfield and Holyoke. We have a lot to offer the communities that work with us, from technical assistance to long-term financing.

Q: Does the MHP Fund fill a niche that other public and private agencies do not?

A: Without question. The MHP Fund supports small-scale housing development as part of neighborhood-wide strategies. No other agency provides similar financing or technical support.

Q: What do you make of the proposed downsizing of the U.S. Department of Housing and Urban Development?

A: In a complex society there is a government role for housing. To the extent that people think they can dismantle HUD and just eliminate that line item from the federal budget, I think they're making a big mistake. What that would mean is eliminating some of the most effective tools in the war on drugs, crime, and poverty. Housing has to become part of a holistic governmental approach that also includes job training, work opportunities and a better welfare system.

Q: What's your prognosis for the future?

A: Most significant change comes out of times of crisis. In general, I think that's healthy. If people of different political philosophies just want to fight with each other and enjoy the combat without working toward solutions, then we are going to have a further breakdown in this country. But to the extent that people are willing to engage in debate to come up with real solutions...we will make some real change. The MHP Fund, in its own quiet but determined way, is already attempting to make some of those changes.

SOFT SECOND SCORES

Cities and towns across the Commonwealth are kicking off the new year with a new round of funding for "soft second" homeownership loans. The Executive Office of Communities and Development recently announced awards totaling \$1 million that will be shared by 16 communities and three regional non-profit organizations. And there's more good news on the homeownership front. EOCD will be tripling its funding commitment by earmarking \$2 million of its new \$50 million Housing Stabilization Fund for soft second loans.

The program has a lot to celebrate as it heads into its fifth year. Since 1990, the homebuying power of the Soft Second Loan Program has helped qualify more than 700 families earning as low as \$20,000 for low-cost, affordable mortgages. Payments on the second mortgage - the "soft" second - are limited to interest only for the first 10 years, with a significant portion of the interest covered by a loan from public funds. Another plus



Greg Cranna

"The best deal in town" is how Florence Hagins describes the Soft Second Loan Program. She and her daughter Andrea were the first family to buy a home with a soft second loan.

that makes the program affordable is that participating banks require only a five percent down payment.

The Soft Second Loan Program is currently available in more than 60

communities. To find out if your city or town is one of them, contact your local community development department or call the MHP Fund at 617/338-7868.

Housing Stabilization \$\$

Cities and towns, local housing authorities and community development corporations are all eligible for a piece of the newly-established Massachusetts Housing Stabilization Fund. The \$50 million program is funded under the \$295 million housing bond bill passed by the Legislature. Loans and grants from the fund will be used to reinvest in communities and stabilize neighborhoods by developing foreclosed and distressed properties into affordable housing and providing homeownership opportunities. The Housing Stabilization Fund is administered by the Executive Office of Communities and Development.

POSITIVE FEEDBACK

The MHP Fund is establishing a volunteer committee to advise the Board of Directors and staff on program development and operations. Specifically, the Program Advisory Council will help define new directions and initiatives for the MHP Fund's bank and trust funds; the council may also be called upon to help refine

some existing MHP Fund programs.

The council's membership will represent a broad range of interests from across the state and will include non-profit and for-profit developers, affordable housing advocates, bankers, and local and state government officials.

MHP FUND LEADERSHIP

For the fourth consecutive year, Vincent P. McCarthy will represent Governor Weld as chairman of the MHP Fund Board of Directors. McCarthy is a senior partner with the Boston law firm Hale & Dorr. Also reelected at the December annual meeting were Weld appointees Donald J.

McGowan, vice-chairman, and Peter B. Shaw, secretary/treasurer. McGowan is president and CEO of Flagship Bank & Trust Company in Worcester; Shaw is president and CEO of Chelsea-Provident Co-Operative Bank.

MULTIFAMILY HOUSING MADE AFFORDABLE



The MHP Fund and the Federal Deposit Insurance Corporation (FDIC) have launched an initiative aimed at helping local public and private developers purchase FDIC multifamily properties

for affordable housing. The MHP Fund has committed \$10 million in permanent financing and up to \$100,000 in technical assistance to the new program. At the same time, the FDIC has agreed to expe-

"This is a unique opportunity for the FDIC to work with the MHP Fund and the development community..."

dite its multifamily disposition process and work exclusively with the MHP Fund to make it easier for developers to buy properties at prices that reflect local market conditions and/or discounts under the FDIC's Affordable Housing Program. Unlike other FDIC initiatives that are limited to certain properties, the agreement with the MHP Fund applies to all properties owned or controlled by the FDIC.

"This is a unique opportunity for the FDIC to work with the MHP Fund and the development community in the acquisition of affordable housing throughout Massachusetts," said Gary Bowen, the FDIC's Northeast regional director.

"This initiative is a critical part of our ongoing efforts to stabilize bank- and regulator-owned properties," said Secretary Mary Padula of the state Executive Office of Communities and Development. "Community-based

developers, both non-profit and for-profit, will now be able to move quickly to take advantage of the opportunities these properties represent."

The FDIC's Affordable Housing Program provides financial assistance to community groups and low and moderate income families interested in buying eligible homes in the FDIC's housing inventory. In 1993, qualified buyers purchased more than 900 properties under the program.

Each depositor insured to \$100,000



For more information about the new FDIC/MHP Fund initiative, call Rita Farrell at 617/338-7868 or the FDIC's Bill McDevitt at 508/389-5627.

WOMEN'S INSTITUTE BREAKS GROUND

Hammering and sawing are the welcome sounds emanating from what was once a busy nursing home at the end of Moreland Street near Dudley Square in Roxbury. Abandoned and boarded up more than 10 years ago, today the neighborhood eyesore is slowly but surely being transformed into a safe, new home for 12 low-income families. The project is the brainchild of the Women's Institute for Housing and Economic Development which has been raising funds for the massive renovation for the past three

years. Twelve families who have been homeless or are at risk of homelessness are expected to move into the new apartments this summer. A requirement for residency is participation in the Family Self-Sufficiency Program, a new federal initiative that helps motivated families become financially self-sufficient by linking permanent housing with supportive services including job training. The MHP Fund provided a first mortgage loan of \$346,000 for the project.



A collaboration of lenders is financing the Moreland Street project. The MHP Fund's Alma Balonon-Rosen is sixth from the right.

EOCD PUBLISHES PROFILES

Congratulations to the Executive Office of Communities and Development for a job well done. The state housing agency has completed the daunting task of collecting a wide range of information about each of the Commonwealth's 351 cities and towns and packaging it in a "profile." The individual profiles present a comprehensive picture of each community's demographics, geography, government, municipal finance, economic development, housing characteristics, and recreational facilities, among other things. Demand for this invaluable resource has been significant: orders have come in from real estate brokers, doctors searching for the right community in which to set up practice, supermarket chains looking to expand into growing communities, and out-of-state companies considering relocating to Massachusetts. Call EOCD at 617/727-7147 x219 for more information or to place an order.

Network is the newsletter of the Massachusetts Housing Partnership Fund, a public agency created in 1985 and financed by the banking industry to fund affordable housing and neighborhood development in communities throughout the Commonwealth.

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Clark L. Ziegler, Executive Director

Diane Butler, Editor

Frankel & Wright Associates, Design

NEWS CLIPS



Donald J. McGowan

Worcester's Flagship Bank & Trust Company has won the Bank Marketing Association's 1994 "Golden Coin" award for product marketing. The banking industry's most prestigious prize was accepted at a Washington, D.C., awards ceremony by Flagship President and CEO **Donald J. McGowan**, vice-chair of the MHP Fund's Board of Directors. Congratulations, Don!

...Lots of news from the local housing partnership front: **James Fitzpatrick**, chair of the **Millbury Housing Partnership**, has been named the 1994 Massachusetts Realtor of the Year...

Donald Washburn of Wakefield has been promoted to senior vice president of MASSBANK for Savings, overseeing its lending activities. Don is a member of the **Lowell Housing Partnership**...

Jonathan "Jody" Dickerson has been appointed to the **Marion Housing Partnership**...**Alfred Gray** has begun a three-year term on the **North Reading Housing Partnership**...October marked

the first-year anniversary of **Worcester Community Housing Resources**. The merger of the **Worcester Housing Partnership** and the Worcester Loan Fund produced the WCHR....Congrats to the MHP Fund's **Kathy Phillips** and her husband Bob on the birth of their son. James Charles Phillips was born on Nov. 16....Congratulations are also in order for **Sheila Dillon** and **Susan Galligan**, the newest additions to the

MHP Fund staff. Sheila joins us as a loan officer after spending the past five years developing affordable housing at the Somerville Community Corporation and the Dorchester Bay Economic Development Corporation. Susan, a former senior vice president at Fleet Bank of Massachusetts, is our new senior credit officer. Welcome!



Kathleen M. Phillips



MHP GOES ON-LINE!

You can now reach the MHP Fund via the Internet. Our address is info@mhpfund.com. In addition to responding to your e-mail, we will also use the Internet to provide on-line copies of program guidelines, loan

applications, and other key documents upon request. Please let us know how this service can be most useful to you.

PARTNERSHIP PROFILE

Chairman Carl Gardner hopes to look back on 1995 as the year the Ipswich Housing Partnership incorporated as a non-profit. A local builder/developer, Gardner maintains that non-profit status will give the partnership some much-needed flexibility in acquiring properties and successfully competing for state and federal grants. These "maximum tools" are necessary, Gardner says, if the partnership is to bring affordable housing to Ipswich.

The demand for both affordable rental housing and homeownership opportunities was identified in a housing needs survey conducted by the community-based group several years ago. Armed with that knowledge, the partnership and local banks combined resources to offer the MHP Fund's Soft Second Loan Program to help low and moderate income families qualify for a mortgage. But finding a single family home in Ipswich that falls below the program's maximum purchase price of



Greig Cranna

\$125,000 isn't easy. That's why the partnership, Gardner says, wants to step in and develop its own long-term affordable housing - both rental and single family. "We're talking small-scale projects done lot by lot or building by building."

Gardner points out that the partnership already has in place a key ingredient to successfully reach its goal. "There are plenty of good ideas out there but without

Affordable housing could be in downtown Ipswich's future.

the people to implement them they don't happen. What we have going for us on the Ipswich Housing Partnership are good members willing to put in the time, project by project."

Here's to a prosperous 1995!



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THE URGE TO MERGE

BANK DEAL GENERATES HOUSING SPIN-OFF

There's some good news for the housing community in the merger of Fleet Financial Group and Shawmut National Corp. The Fleet acquisition triggers a state banking law, generating a loan agreement of \$85 million with the MHP Fund to finance low- and moderate-income rental housing and homeownership opportunities. The 1990 law mandates that any bank holding company buying a Massachusetts banking institution must make available through the MHP Fund below-market financing for affordable housing.

"Fleet continues to be very supportive of our efforts," Executive Director Clark Ziegler says.

"They've asked us how they can help us utilize this financing. It's a good link," Ziegler points out, "because they're actually bringing us business to encourage the use of these funds."

A separate agreement between Fleet and the Massachusetts Association of Community Development Corporations and the Massachusetts Affordable Housing Alliance includes two major provisions affecting the MHP Fund:

- a set-aside of \$14 million of the total loan agreement for projects sponsored by CDCs and other nonprofit organizations with a free 12-month rate lock for multifamily rental housing financed through the MHP Fund;
- a commitment from Fleet of an additional \$12.5 million in Boston and \$5 million statewide for reduced rate financing through the MHP Fund's Soft Second Loan Program.



"This agreement is great news for families and for neighborhoods," says Florence Hagins, chair of the MAHA Homebuyers Union. "It means an additional 650 low- and moderate-income tenants will be able to buy homes through the state's most affordable mortgage program. Fleet will be working with us to stabilize our communities by using soft second mortgages to increase the number of owner-occupied homes."

That enthusiasm is echoed by MACDC Director of Community Investment Ricanne Hadrian. "The \$14 million reduced rate set-aside gives us a real opportunity to make a difference," she says. "We're in the business of rebuilding neighborhoods. One way we do this is by developing quality affordable housing. This additional funding," she notes, "will help us meet our goal."

The \$85 million loan agreement is the second to be signed between Fleet Financial Group and the Massachusetts Housing Partnership Fund.

The MHP Fund's below-market financing has given for-profit and non-profit borrowers the opportunity to rehabilitate hundreds of units into quality affordable housing.

In 1992, a \$63 million agreement was negotiated after Fleet acquired Bank of New England.

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ACHIEVEMENT IN HOMEOWNERSHIP

It's with a delightful giggle that Miriam Owens describes the new home she and her husband Roy recently bought in Roslindale. "It's the house with the white picket fence - really." In their mid-20s, the Owens were able to buy their first home thanks to the MHP Fund's Soft Second Loan Program.

Their mortgage is a significant milestone for the most affordable statewide homeownership program in the Commonwealth; it is the 1000th loan to close since soft second mortgages were introduced five years ago.

"We were looking so hard for a way to buy," Roy says. Their search led them to homeowner counseling classes run by the Massachusetts Affordable Housing Alliance. "Those classes are important," Miriam says, "because they set you up for reality." Miriam is a legal secretary at a small Boston law firm; Roy is a youth counselor.

Prior to becoming homeowners, Miriam and Roy and their two-year-old son rented what they describe as a "shoebox" in Roxbury. Now the proud owners of



a house with a backyard in a "very safe neighborhood," Roy is philosophical. "This house is good for our child's development. His world is so much bigger now. Before he just had four walls to look at."

The Owens family at home in Roslindale: 2-year-old Roy III, Roy Jr., and Miriam.

CHURCHILL WINS ONE

A \$413,000 rehabilitation grant awarded Holyoke by the state Executive Office of Communities and Development will be put to good use in the city's depressed Churchill Neighborhood.

EOCO Secretary Mary Padula announced the award at a news conference on Feb. 23 attended by

a number of residents and local leaders including Mayor Daniel Szostkiewicz, state Sen. Michael Knapik, and Reps. Evelyn Chesky and Walter DeFilippi. "Nineteen families including three first-time homebuyers will soon take up residence in Churchill," the secretary noted, "further adding to this

neighborhood's security and stability." Secretary Padula praised MHP for "stepping up to the plate and offering start-up funds to help this neighborhood develop a strategy for tackling its problems." It was \$50,000 in *Neighborhoods First* funding in 1992 that provided the initial technical assistance to get the Churchill Neighborhood Partnership up and running. The MHP Fund has contributed a total of \$85,000 to the project.

The Neighborhood Restoration Initiative grant will help finance the renovation of 16 apartments at Hampshire and Pine Streets and three homeownership units at 214 and 224 Elm Street.

Other resources include bank financing of \$114,000 from Peoples Bank and \$100,000 from Springfield Institution for Savings, and a Community Development Block Grant; the City of Holyoke is reviewing an application for HOME funds.



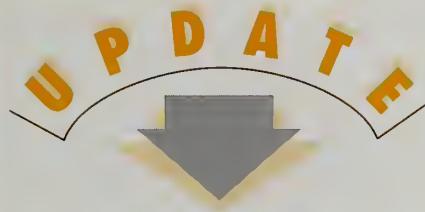
(l-r) Eric Gross, Holyoke Community Land Trust; Rep. Evelyn Chesky; Kathleen Anderson, Churchill Neighborhood Partnership; Richard Courchesne, Olde Holyoke Dev. Corp.; Mayor Daniel Szostkiewicz; Sen. Michael Knapik; MHP's Clark Ziegler; and EDCD Secretary Mary Padula.



136-140 FRANKLIN STREET, LYNN

A distressed apartment building in Lynn has been renovated into eight units of safe, affordable family housing with \$136,000 in permanent rental financing. "We are pleased the MHP Fund was able to finance the rehabilitation of this building," said Jansi Chandler, executive director of the Lynn Department of Community Development. "Our Community Development Block Grant and HOME resources are inadequate to handle a project of this size." Borrowers Thomas Bubier and Andrew Perkins, both real estate professionals, bring stable ownership and long-term quality management to the West Lynn property.

This is the second loan Perkins and Bubier have received from the MHP Fund's Permanent Rental Financing Program. Last June, the MHP Fund approved \$600,000 in long-term financing for two brick apartment buildings in downtown Salem.



If the first few months are any indication, 1996 may be a record-breaker in the number of first mortgage loans approved under the MHP Fund's Permanent Rental Financing Program. Staff has been added to handle the anticipated increase in business. Urban projects in Lynn, Boston, and Worcester are featured in this issue of Network Update.

QUINCY-GENEVA HOUSING CORP.

A first mortgage loan of \$300,000 from the MHP Fund will help support the gut rehab of 26 units in two vacant distressed buildings in Roxbury and Dorchester. The Quincy-Geneva Housing Corp., the nonprofit sponsor, has also received strong state and community support for the project. EOCD has pledged \$400,000 in HOME funds and the City of Boston has awarded federal block grant funds of up to \$400,000. Renovations will include new heating and electrical systems, new windows and doors, and the deleading of each of the units.



DALE STREET, WORCESTER

Two vacant multifamily properties in the Beacon/Brightly neighborhood of Worcester are in line for gut rehab. The Dale Street properties, abandoned since 1989, will provide affordable homes for 18 families. The MHP Fund has approved permanent rental financing of \$300,000. The project has also been awarded Low Income Housing Tax Credits from the state Executive Office of Communities and Development and HOME funds from the City of Worcester.

The project is located in an area targeted for reinvestment by the city and local banks in an effort to reclaim abandoned property and to foster economic development. The MHP Fund has previously contributed to the revitalization with a loan to the local housing partnership to support a first-time homebuyer program in the neighborhood.

FLEXIBLE FINANCING

The flexibility of MHP Fund financing is making a difference in Boston's inner-city neighborhoods. In a first-of-its-kind partnership with the Massachusetts Housing Investment Corp., the MHP Fund has committed \$2.18 million from its project-based Bridge Financing Program for the rehabilitation of 65 units in four buildings in Dorchester, Jamaica Plain, and Roxbury.

It's the kind of public/private partnership that makes affordable housing projects work. "The collaborative effort between MHIC and the MHP

Fund to provide a seamless construction/permanent equity bridge loan was a significant factor in making this project feasible for the developer and our tax credit equity investors," notes Bernard Husser, vice president of First Financial Management Corp. First Financial is a Boston-based syndicator of Low Income Housing Tax Credits.

The properties were last renovated in the late '60s. Edwin Abrams, the private developer who has owned and managed the properties since then, says bridge financing is key. "It's critical," he says. "There

are very few if any markets for financing of long-term investor pay-ins." Abrams says he considers the MHP Fund's bridge lending "a great public service because it helps the development and the development helps the community" by providing decent, affordable housing.

For more information about the MHP Fund's Bridge Financing Program, contact Alma Balonon-Rosen at 617/338-7868.

Q: Is developing affordable housing more difficult today?

A: It's more difficult because you have to go to so many different sources and piece it all together and there's a cost associated with that. It's become very inefficient. Government officials talk about getting some efficiencies in the system. I live it so I know that we ought to get more efficient in terms of the delivery. It's doable. It's about getting the right players in the right place with the right program.

Q: What are the pluses and minuses?

A: The pluses are of the psychic nature. I like doing it and I like contributing to the welfare of society in producing quality affordable housing. One of the minuses is that small projects are very difficult to do to make them work because you have all of this cost that you can't spread over a lot of units. The transaction costs are a function of the transaction. For instance, legal costs are the same for one small project as for a large project.

Q: Do you think affordable housing is on anyone's radar screen?

A: I think it is. If we can get some examples out there of this reinvention thing that (HUD secretary) Cisneros is into we may be able to persuade people that housing should be saved. The reinvention piece means that you're not just building housing but you're building communities. You've got to do housing, social services delivery, education, and economic development in the wider community. You've got to knit it all together. That's where things are going. It's the comprehensive kind of approach as opposed to just providing bricks and mortar.



Q: How important is the MHP Fund in the new scheme of things?

A: Critically important because of the way things are structured. Some banks would do the financing that MHP does but not many of them see it as a big enough piece of business. There is definitely a need for a MHP whose primary focus is affordable housing and creative kinds of financing to make affordable housing happen. The MHP's bridge financing for instance. Massachusetts tends to be on the cutting edge of a lot of things and has been for years. There are a lot of talented people in Massachusetts and a lot of them are at MHP.

Q: How is Thomas F. Welch & Associates responding to the new market realities?

A: One of the things I've started to do strategically is to develop in other parts of the country. Real estate development in and of itself is cyclical so you need to be in different market areas. I don't think it's prudent as a real estate developer to be totally dependent on one market or one type of housing.



Born and raised in Atlanta, Tom Welch arrived in Boston in the late '60s. For three years he worked with kids at a community center in Roxbury. "It was located in an area that looked like it had been bombed," he remembers. "It was right after the riots in '68. It was so depressing. It was then I decided I was going to make an impact by doing something to this physical environment. I looked at it and said 'I'm going to do some development.'" And for the past 14 years, that's exactly what Tom has been doing in the urban neighborhoods of his adopted city. Network spoke with the sole proprietor of Thomas F. Welch & Associates about the challenges facing private developers of affordable housing.

Q: How serious is it if Congress decides to sunset the Low Income Housing Tax Credit program?

A: Very serious. There are HOME funds, Community Development Block Grants, and other financing, but there's nothing there to fill the gap that would be created if the program is lost.

Q: What are your thoughts on the future of affordable housing?

A: I think we're in for some rough waters short-term. My sense tells me the water is going to get so rough that people are going to say 'what are we doing, let's wake up.' Then mid- to long-term things will probably get better. But short-term we're going to have to be quick on our feet.

SPRINGFIELD RECAPTURES HISTORY

There's a fresh new look to the Kenwyn Apartments in Springfield's Forest Park neighborhood. Built about 1920, the historic property has been completely rehabilitated by the Hampden-Hampshire Housing Partnership into affordable apartments for 27 families. One of several funding sources, the MHP Fund committed \$305,000 in permanent financing.

According to the partnership's Dee Scott, the building has been nominated for the National Register of Historic Places. Featuring a stucco and tile exterior, project architect Peter Zorzi noted the building is representative of the "mission style," a design not usually found in Western Massachusetts. "The original architect," Zorzi told *Banker and Tradesman*, "really took advantage of the site and the vista."



Kenwyn's inner courtyard.

"We now have a real ray of sunshine for the folks who had given up hope for their future here," Peter Gagliardi, executive director of the Hampden-Hampshire Housing Partnership, noted at the open house and dedication.

Located at the corner of Kenwood Park and Belmont Avenue, the deterioration of the Kenwyn Apartments began over a decade ago with a series of neglectful owners and managers. Eventually, the property became a negative influence on the entire neighborhood.

That's why the Forest Park Association, a local neighborhood group, made the rehab of the Kenwyn building an integral part of their overall revitalization strategy. The organization worked side-by-side with city officials and the housing partnership on a reuse plan.

In 1996, the Kenwyn Apartments have made a dramatic comeback and so has the surrounding neighborhood. "The for-sale signs are gone," Gagliardi points out, "and the people are painting their homes and fixing them up."

Co-owner of the building is the Springfield Vietnamese-American Civic Association. The nonprofit group has been active in Forest Park providing housing placement, tutoring, advocacy, and sponsoring cultural events.



A stucco and tile exterior gives the Kenwyn Apartments in Springfield a unique look.

T-A PIPELINE

First Look funding has been tapped by the Webster Housing Authority in its bid to purchase two school buildings that were converted into apartments.

The authority came to the MHP Fund for *First Look* technical assistance to put together a financing package to acquire the properties and prepare funding applications. The original developer defaulted shortly

after the buildings were converted in 1986. The housing authority is negotiating with the Dept. of Housing and Urban Development to reduce the debt and become sole owner of the 31 units.

For more information about the MHP Fund's technical assistance programs, call Janet Parsons at 617/338-7868.



A former school in Webster may provide affordable housing in the future.

CELEBRATING A DECADE

More than 200 friends and colleagues joined us on November 15 on board *Discovery* at the New England Aquarium in Boston to celebrate the MHP Fund's 10th anniversary. Keynote speaker Norman B. Rice, mayor of Seattle and president of the U.S. Conference of Mayors, congratulated the MHP "for 10 years of accomplishments. Essentially, the MHP Fund demonstrates that government can work; that public investment, when done intelligently, can improve people's lives." Remarks were also delivered by Secretary Mary Padula of the Executive Office of Communities and Development, Richard Driscoll, president of the Massachusetts Bankers Association, and MHP Fund Chairman Vincent McCarthy. MHP Fund Executive Director Clark Ziegler served as master of ceremonies.

Seattle Mayor Norman B. Rice, president of the U.S. Conference of Mayors, delivers the keynote address.



Mayor Rice greets guests.

We want to thank WCVB-TV for its show of support. On Jan. 4, Ch. 5 aired an editorial describing the Massachusetts Housing Partnership as "a gem of a housing resource." Editorial Director Marjorie Arons-Barron praised the MHP for promoting partnership by bringing "banks together with small developers, neighborhood groups and city and town governments to identify feasible sites, eliminate red tape and craft affordable housing strategy. The initiatives are modest but doable projects which, in the spirit of the times, call on individual responsibility rather than government solutions." Describing the MHP Fund as more important now than ever, Arons-Barron concluded, "We wish the Mass. Housing Partnership a successful second decade."



Mass. Bankers Association President Richard Driscoll offers his congratulations.

PROGRAM UPDATE

The MHP Fund's new Permanent Rental Financing Program folders have arrived. They contain up-to-date information on our permanent lending policies and how to apply for financing. Give us a call at 617/338-7868 and we'll be happy to mail you one.

FUTURE SHOCK

More than 300 housing professionals braved the aftermath of the Blizzard of '96 to attend a one-day affordable housing conference on January 9 at the Hogan Center at Holy Cross College in Worcester.

The conference was an opportunity for representatives of all six New England states to come together and speak with one voice on housing issues. Panelists discussed topics ranging from how to creatively cope with impending federal budget cuts to dealing with statutory and regulatory changes impacting Section 8 rental assistance to preparing for "devolution" and the transfer of responsibilities from the federal level to state and local governments.

Sponsored by Citizens' Housing and Planning Association, partial financial support for the conference was provided by the MHP Fund.

Network is the newsletter of the Massachusetts Housing Partnership Fund, a public agency created in 1985 and financed by the banking industry to fund affordable housing and neighborhood development in communities throughout the Commonwealth.

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William F. Weld, Governor

A. Paul Cellucci, Lt. Governor

Mary L. Padula, Secretary
Executive Office of Communities & Development

Vincent P. McCarthy, Chairman

Clark L. Ziegler, Executive Director

Diane Butler, Editor

NEWS CLIPS

The good news coming out of Worcester is that **Clark University** has been awarded a \$2.4 million HUD grant to help revitalize the Main South neighborhood, home to the private college since 1887. Federal HOME funds and state housing stabilization funds complete the financing package for the **University Park Neighborhood Restoration Partnership**. The **Main South Community Development Corp.** and the **City of Worcester** are two of the other major project sponsors. . . . The **Reading Housing Partnership** is conducting a lottery for 11 affordable condominiums in Summit Village. The 132-unit development is expected to be ready for occupancy in late spring. Meanwhile, partnership member **Christopher Vaccaro** has been honored by the Reading Board of Selectmen for his six years of service. . . . In **Pembroke**, nine lucky families will qualify by lottery for affordable single-family homes at Cross Creek. . . . On the North Shore, **Donna Vines** has been reappointed to the **Ipswich Housing Partnership**. In other news, the partnership has formed a nonprofit development organization, **Homefront Inc.**, which is moving forward with plans to rehabilitate a burned-out two family at the corner of Washington and Liberty Streets in the town. . . . MHP Fund staff notes: We want

 to wish all the best to two longtime staffers who have moved on to bigger and better things after contributing much to the MHP Fund over the years.

Carl White joined the agency at its inception 10 years ago. Among other things, as MHP's

housing development director Carl was the architect of the Soft Second Loan Program which, since 1990, has helped more than 1,000 low- and moderate-income families qualify for an affordable mortgage. Carl's humor and goodwill will certainly be missed. . . . We've also said so long to **Robert Jenkins Jr.**, community/project officer. In his seven years with the agency, Robert traversed the state probably more times than even he can remember offering technical assistance to cities and towns interested in developing affordable housing in their communities. Best of luck to you, Robert. . . . With the volume of loans picking up, the MHP Fund is pleased to announce

 the addition of **Alice Wong** as senior loan officer. Alice comes to us from The Community Preservation Corp. of New York where she was a senior vice president and director of community lending in the organization's Albany office. Alice holds a master's degree from the Kennedy School; she completed her undergraduate work at Yale. . . . **Susan DeMaggio** has joined our staff to help administer the popular Soft Second Loan Program. Sue is a recent Providence College graduate. . . . **Eva Boyce**, the MHP Fund's controller, has been elected to serve on the board of directors of the Elizabeth Stone House. Congratulations, Eva.



PARTNERSHIP PROFILE

The Merrimack Valley Housing Partnership has a lot to celebrate as it marks its 10th anniversary this spring. For a nonprofit organization whose mission is to promote homeownership, the MVHP has truly made a difference in neighborhoods throughout Lowell and Lawrence with Project Genesis. The homeownership training program works for all the right reasons says MVHP Executive Director James Wilde. "The banks love it because they get good business, people love it because they get to buy homes, the city loves it because it reclaims abandoned buildings...it really makes a difference." Created four years ago, Project Genesis boasts of more than 1600 graduates, 600 of whom are now happily paying off mortgages. The MVHP spent its first six years as a developer of affordable housing.

This past fall 21 Cambodian families completed the first Project Genesis class offered in Khmer. The MVHP teamed up with the Cambodian American League of Lowell to get the training off the ground.



Jim says it made sense to target Cambodian families since they comprise 25 percent of Lowell's population. Plus, he says, the timing couldn't be better. "With 5 percent down payments, low purchase prices, and very low interest rates," Jim points out, "homeownership is really more within the realm of possibility for most people than it will be for a long time."

An all-volunteer corps of bankers, real estate brokers, attorneys, home inspectors, and city officials covers all the bases of buying a home. Trainings are also held in English and Spanish. "We probably scare

The first graduating class of Khmer-speaking Project Genesis families. That's the MVHP's Jim Wilde standing in the center of the back row.

half of them out of doing it," Jim says, "and I think we're doing them a service. People need to know what they're getting into." After graduation, the MVHP offers down payment assistance to eligible families. For more information on upcoming Project Genesis classes, give the MVHP a call at 508/459-8490.

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THE NEWSLETTER OF THE MASSACHUSETTS HOUSING PARTNERSHIP FUND

A CAPITAL IDEA FROM THE NEW BANKBOSTON

On July 24, the Massachusetts Housing Partnership Fund approved a one-of-a-kind financing agreement with BankBoston that will significantly expand the agency's support of affordable housing and neighborhood reinvestment. The agreement is a result of the recent merger of the Bank of Boston and BayBanks.

Under state law, any bank holding company that acquires a Massachusetts lending institution must provide below-market financing to the MHP Fund in proportion to the assets being acquired. The statute has resulted in more than \$276 million in credit being provided to the MHP Fund by 12 banking institutions. To date, the MHP Fund has closed or committed over \$80 million in financing in support of more than 55 affordable multifamily housing developments in 25 cities and towns across Massachusetts. These loan programs — which are targeted toward the rehabilitation of smaller rental properties — are continuing to undergo tremendous growth.

What makes the BankBoston agreement unique is the bank's voluntary offer to convert its loan obligation into a \$10 million grant to support housing and neighborhood investment programs at the MHP Fund — with half of the grant made immediately and the remainder in three years. The proposal was made to the MHP Fund following discussions between the bank and a coalition of community groups led by the Massachusetts Association of Community Development Corporations and the Massachusetts Affordable Housing Alliance.

This new capital from BankBoston is allowing the MHP Fund to enhance



successful programs and develop new initiatives that better respond to current housing needs and make better use of its existing credit capacity. "In our judgment a substantially greater public benefit was achieved by approving BankBoston's \$10 million grant proposal instead of a conventional loan commitment," noted MHP Fund Chairman Vincent P. McCarthy.

Already on the drawing board is an acquisition loan fund that's expected to be launched in early fall. It will enable community development corporations and other nonprofits to finance the acquisition of rental properties. Without such financing, nonprofits are often limited to development of vacant or distressed buildings that may be easier or cheaper to acquire but have little economic feasibility.

Also anticipated this fall is a program that will utilize capital from BankBoston to write down interest rates and/or development costs for projects seeking permanent financing from the MHP Fund. By incorporating this capital into

its loan underwriting, the MHP Fund hopes to expedite development projects that are "ready to go" and require only limited public assistance.

"For years," said MACDC President Marc Draisen, "we have needed grant and equity dollars to write down the cost of MHP funds obtained through Chapter 102 (the state's interstate banking law). Now these dollars are available and will give MHP the ability to fund projects that would never have been feasible before."

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A winning lottery in Reading



Celebrating 11 years of affordable housing development and neighborhood revitalization

CHICOPEE'S QUALITY ADDRESS

A name change and a major renovation are in the works for the former Meadow Green apartments in Chicopee's Willimansett neighborhood. Quality housing with affordable rents will be the result of Winn Development's rehabilitation of 290 units in 62 buildings on a 22-acre site now known as Chicopee Village Townhomes. Project financing includes an MHP Fund first mortgage loan of \$7.5 million.

Lt. Gov. Paul Cellucci did the honors at the official ribbon-cutting on June 27. Recognizing Chairman Vincent McCarthy and Executive Director Clark Ziegler for their dedication, Cellucci noted that "in times when state and federal housing resources have been hard to come by, the Mass. Housing Partnership has always been there to provide financing for affordable housing in Massachusetts."



Lt. Gov. Paul Cellucci addresses the crowd.



Other amenities include a new playground, a library, and a computer lab where residents and their children can learn computer skills.

Community support for the project has been substantial. In addition to providing quality housing, the redevelopment will also bring in professional management and will help stabilize the neighborhood in which the distressed 50-year-old development is located.

A clown entertains neighborhood children and their parents at the open house.

DIRECTORS Go WEST

Board members got a firsthand look at MHP-financed projects in Western Massachusetts following a board meeting in Springfield on July 26.

Mayor Daniel Szostkiewicz of Holyoke and community development officials from Springfield and Chicopee joined the directors for a roundtable discussion on housing and neighborhood issues.

Then board members, city officials, and staff hopped on a bus to tour MHP-sponsored developments in all three communities including the renovated Rainville Hotel in Springfield, the completed rehabilitation of multifamily properties on Maple Street in Chicopee Falls, and several homeownership opportunities in progress in Holyoke's Churchill neighborhood.



(l-r) MHP Fund Ex. Dir. Clark Ziegler, board member Kate Racer of the state Department of Housing and Community Development, Holyoke Mayor Daniel Szostkiewicz, and MHP Fund Chairman Vincent McCarthy.



CHESTNUT STREET, CHELSEA

A project with strong community support that will help stabilize two troubled neighborhoods in downtown Chelsea has received a commitment of \$385,000 in permanent financing from the MHP Fund. Boston Citywide Land Trust, in conjunction with Chelsea's Commission on Hispanic Affairs, plans to purchase and renovate 49 units of multifamily housing in five buildings in the historic Shurtleff/Bellingham neighborhood of Chelsea.

UPDATE

The MHP Fund's overall lending activity continues to expand. Of the \$276 million in bank financing now available, the Fund has closed loans or made binding loan commitments totaling over \$80 million. These loans support more than 55 affordable multifamily housing developments in 25 cities and towns across the Commonwealth. Another 30 projects are in the pipeline. In this issue of Network Update, housing projects in Attleboro, Chelsea, Everett, and Taunton are featured.



160 PINE STREET, ATTLEBORO

Two projects in Bristol County have received permanent rental financing from the MHP Fund totaling more than \$1.8 million.

In Attleboro, a first mortgage loan of \$966,341 will help refinance 10 apartment buildings with 34 units. The properties were renovated in the early '90s, a project Community Development Director William Spaner says "had an immediate positive impact on one of the city's oldest neighborhoods. This refinancing will give back some funds to be reused for another rehab project."

In East Taunton, the South Shore Housing Development Corp. will use a first mortgage loan of \$875,000 for the acquisition, rehab, and new construction of Carpenter's Glen, a 32-unit affordable housing project that is part of a larger development of single-family and special needs housing.



76 NORWOOD STREET, EVERETT

With \$216,000 in financing from the MHP Fund, Caritas Communities has purchased a lodging house in downtown Everett. The three-story property will be moderately rehabbed by the housing nonprofit. Two years ago, Caritas received financing of \$1.15 million from the MHP Fund to refinance five properties in Dorchester and Quincy.

EOCD CHANGES NAME, LEADERSHIP

The Massachusetts Department of Housing and Community Development has replaced the state Executive Office of Communities and Development as part of the recent downsizing of state government. The agency also has a new boss. On July 3, Gov. Weld appointed Jane Gumble to replace retiring EOCD Secretary Mary Padula. Jane has served as deputy secretary at EOCD for the past year. Prior to that, she managed the agency's public housing programs.

Before joining state government, Jane was a partner at Awdeh and Co., a real estate development firm, where she was marketing director and regional counsel. She's a graduate of Lehigh University and Boston University School of Law.

We at the MHP Fund have enjoyed a good relationship with Jane and look forward to working with her on housing and community development issues.

Congratulations to Jane and best wishes to Secretary Padula on her retirement.



Jane Gumble heads the state Department of Housing and Community Development.

Michaelsen

Q: What are your thoughts on becoming the House chair of the HUD Committee?

A: It's a wonderful opportunity. It's also a huge challenge trying to assemble a team of good people to help me deal with the passage of state legislation. Every bill having to do with housing and community development comes my way. We oversee all kinds of affordable housing and urban development programs and all of these programs are central to the revitalization of my district but also to urban communities throughout the state. I have an opportunity in this new job to promote quality, affordable housing and to promote the revitalization of our urban centers.

Q: Is housing getting enough attention?

A: Housing is not on everyone's front burner. I think this area can benefit from a strong spokesperson - somebody who believes in it and who's going to champion issues that relate to it. The people I work with are very reasonable and they have constituents who also benefit from good housing. It's a basic human need.

Q: What are some of your priorities?

A: I'd like to see working families be able to take greater deductions from their income and still remain in public housing. We're not talking about people making a lot of money but just keeping a little bit more than they have now and sending out the message that we're not going to punish those families who are able to work. And I'd like to look at the possibility of another bond bill but first I need to be clear on what we've done with the last bond bill. There's also a lot of support in the housing community for public housing modernization. And the housing community is also urging me to look at the Massachusetts Rental Voucher Program and, if there's some way we can support it, to expand it.



Completing her first term as a state representative on July 31, Charlotte Golar Richie has already secured her place in history on Beacon Hill. On May 21, the Dorchester legislator was named chairwoman of the Housing and Urban Development Committee in the House. It's the first time in 30 years a freshman has been appointed chair of a committee. A former journalist who also has experience in affordable housing, Rep. Richie spoke to Network about the challenges ahead.



Don West

Q: Are you a supporter of the Soft Second Loan Program?

A: We funded the Soft Second Loan Program in this last legislative session. Homeownership is the American Dream and the Soft Second Loan Program seems to be highly successful. We want to support things that work. We also want to make sure there are homebuyer counseling programs available. And we want to make sure, if we can do it, that abandoned property gets turned over to owner-occupants but, more than that, to people who are going to be responsible, help take care of their neighborhood, take pride in ownership, and be respectful of the people who live around them in the community.

Q: Does the future look bright?

A: Do I have a magic wand? Can I work miracles? No. But I am hard-working, I am tenacious, but I also listen to people and I want your readers to know they can call, they can talk about their issues, they can register their concerns, tell me their ideas, and I will consider them. My phone number at the HUD Committee is 617/722-2470 and my chief of staff is Lily Mendez.

Q: Any final thoughts?

A: I'm looking forward to helping to shape a housing agenda for Massachusetts and I look forward to working with MHP to do that.

Q: Do you enjoy a good working relationship with House Speaker Thomas Finneran?

A: Absolutely. He knows I'm a hard worker and that I'm not going to give up on an issue. He knows where I'm coming from. And he's true to his word. I have my fingers crossed that we are going to have a very long and fruitful working relationship. I'm not asking for anything unusual. This is really about fairness. My district has been neglected for many, many years and now I have the support of the Speaker of the House of the Massachusetts Legislature.

CRANBERRY MANOR OPENS

The South Shore Housing Development Corp. has done it again. The nonprofit has successfully turned what was once distressed housing into affordable homes for low-income families.

Financing for the rehabilitation of Cranberry Manor, a 24-unit apartment building in Wareham, includes a \$300,000 first mortgage loan from the MHP Fund, federal Low Income Housing Tax Credits, and Housing Development Support Program funds of \$251,000. The foreclosed property was purchased for \$1 from the Federal Deposit Insurance Corp.



The Standard Times

(l-r) Rep. Barney Frank, Mary Padula, former state housing secretary, and Steve Dubuque, get a firsthand look at the new and improved Cranberry Manor apartments.

MOVING DAY

On the Cape over the summer the historic Highland Lighthouse in Truro was moved back 450 feet because of beach erosion. What also had to be moved were two ranch houses the Coast Guard donated to the Truro Housing Authority for affordable housing.

The town contributed land and the MHP Fund provided technical assistance for the relocation. Two local families moved in after winning a housing lottery. Each 3-bedroom ranch sold for \$80,500.

Authority Executive Director Jeanne Foulke says "these are nice families who will appreciate the houses." The down side, she says, is that the two-mile

relocation and building rehabilitation cost more than expected. The housing authority wants to do more affordable housing, she says, and would welcome any assistance in raising funds.



An old house made new.



It was a slow two-mile trip for each of two ranches donated by the Coast Guard.

HOUSING AUTHORITIES HAVE A SAY

"Putting together a financing package is rocket science." That was one of the sentiments expressed at a round-table discussion on development opportunities for local housing authorities. The June meeting was co-sponsored by the MHP Fund and the Community Economic Development Assistance Corp. In the first of a series of small focus groups, the executive directors of seven housing authorities shared some of their successes and identified some of the obstacles that inhibit the development of affordable housing in their communities.

The meeting was also an opportunity to introduce Sheila Dillon. The MHP Fund's newly appointed director of housing development is now working with MHP veteran Rita Farrell to focus renewed energy into our community outreach efforts. Her new position takes advantage of Sheila's talents to work with community-based organizations and to develop new projects and community strategies at the front end. If you have a project you'd like to discuss or need other technical assistance, give Sheila a call at 617/338-7868.

AUBURN COURT MAKES HISTORY

The largest new development of affordable rental housing in Cambridge in more than 20 years was officially dedicated on June 5. Auburn Court in University Park at MIT features 77 units of mixed-income housing; 46 of the apartments are affordable to low- and moderate-income families. The MHP Fund provided a bridge loan of \$3.5 million.

Peter Daly, executive director of Homeowner's Rehab, Inc., the project sponsor, told the audience that "the most difficult part was the marketing - and seeing how many families we couldn't serve. We have to replicate this project with the resources available and raise new resources." Cambridge City



Auburn Court at Brookline and Pilgrim Streets in Cambridge.

Manager Robert Healy said, "It takes a true public/private partnership to complete a project as wonderful as this." Funding includes a Community Develop-

ment Block Grant, state Housing Innovation Funds, federal Low Income Housing Tax Credits, and financing from several local banks.

HOLYOKE NEIGHBORHOOD CLEANUP

Mayor Daniel Szostkiewicz calls it "another step forward for Churchill and other Holyoke neighborhoods." On June 7, the Federal Deposit Insurance Corp. turned over to the city the mortgages on 25 distressed properties. That action, says Community Development Director Jack Hunter, "gives us control over the destiny of these vacant and tax-delinquent properties."

With the city now calling the shots, properties that can be saved will be rehabbed; those that pose a threat to health and safety will be demolished once funding is in place.

Mayor Szostkiewicz credits the ongoing efforts of the community-based Churchill Neighborhood Partnership for making the mortgage transfer happen.



The fate of 301 Elm Street is now in the hands of Holyoke officials.

INTERSTATE BANKING OKAYED

Legislation that allows Massachusetts banks to branch across state lines is now law. The Legislature approved the interstate banking bill in the waning days of the 1996 session.

Gov. Weld signed the bill into law in early August. Under the legislation, both in-state and out-of-state banks can establish branches or purchase an existing branch outside their borders.

The law retains a key provision of earlier legislation that requires bank financing of the MHP Fund as a condition of certain bank acquisitions within the Commonwealth. In testifying before the Joint Committee on Banks and Banking last year, MHP Fund Executive Director Clark Ziegler had urged the committee members to protect the provision.

RING THAT BELL

The MHP Fund's *Network* newsletter won the 1996 Bell Ringer award for excellence in communications in the newsletter category. The first place prize was bestowed by The Publicity Club of New England at its annual awards dinner in May.

The Bell Ringer competition attracted more than 200 entries this year. Our 1995 Annual Report, celebrating the achievements of the MHP Fund's first 10 years, was also a winner. It received a second place merit award in the annual report category.

Winners were decided by a panel of 15 judges comprised of public relations and advertising professionals. The 1996 "Judges Weekend" was hosted by the Northeastern University School of Journalism in Boston and its chapter of the Public Relations Student Society of America.

The Publicity Club's members include PR and advertising professionals representing all six New England states. The organization has been in business for 47 years.

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Vincent P. McCarthy, Chairman

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Diane Butler, Editor

NEWS CLIPS



Donald McGowan

Donald McGowan has completed his one-year term as chairman of the **Massachusetts Bankers Association**. Don is vice-chairman of the MHP Fund Board of

Directors and president and CEO of Flagship Bank & Trust Co. in Worcester. He's succeeded as MBA chairman by East Boston Savings Bank President **Robert F. Verdonck**....Speaking of the MBA, MHP Executive Director **Clark Ziegler** and Community

Outreach Director

Rita Farrell offered their expertise on non-conforming loan products and lead paint abatement, respectively, as speakers at two separate MBA-sponsored seminars in June....Are you interested in affordable housing and live in Harvard? The Board of Selectmen is looking for local residents to serve on the newly reconstituted **Harvard Housing Partnership**....June 4 was declared "1996 First-Time Homebuyer Day" in Chelsea to celebrate the success of the city's **First-Time Homebuyer**

Program. Since it was developed two years ago, the program has helped more than 125 families buy homes in Chelsea....Two Boston-area community development corporations recently put together a specialized homebuyer counseling/neighborhood stabilization program. The **Fenway CDC** and the **Allston-Brighton CDC** designed the program to educate prospective

homeowners prior to the FDIC's foreclosure and auction of more than 80 condominiums....Three organizations in Brockton have joined forces for the first time to promote homeownership. The **Brockton Housing Partnership**, **Brockton Community Corp.**, and the **Brockton Interfaith Council** have sponsored a series of first-time homebuyer seminars to help low- and moderate-income families interested in learning about the process of buying a home....MHP Fund staff notes: **Judith Jacobson** has been promoted to deputy director and general counsel of the MHP Fund. Judy has served as legal counsel since joining the agency in 1991....**Sheila Dillon** has a new title and new responsibilities. Sheila is now the director of housing development. She joined the MHP Fund as a loan officer two years ago....**Elizabeth Haughey** has also accepted a promotion. Liz is now an assistant loan officer....Our new credit analyst is **Kevin McGowan**. Kevin comes to us from South Boston Savings Bank....**David Rockwell** has joined the MHP Fund as a senior loan officer. An experienced local lender, most recently David was vice president of commercial real estate at Fleet Bank in Boston. Prior to that, he worked at Shawmut where he established the bank's community investment unit....That pleasant voice you hear when you call the MHP Fund these days belongs to **Carole Spear**. Carole is our new secretary/receptionist.



Rita Farrell



David Rockwell

PARTNERSHIP PROFILE

Following months of planning, the Reading Housing Partnership was ready. Its nine members had spent the last few weeks finalizing preparations for a housing lottery. The drawing was being held to determine which families would get the opportunity to purchase an affordable condominium at the yet-to-be-built Summit Village on top of Bear Hill.

What the partnership wasn't prepared for was the weather. "We had the lottery on March 7 - the night of the biggest snowstorm of the year," says Paul Kelley, partnership chairman. But bad weather didn't stop 44 applicants from braving the storm and showing up at the local high school. Eleven names were chosen for nine two-bedroom condos selling for \$108,000 and two three-bedrooms with a purchase price of \$127,000; two additional units were set aside for the Reading Housing Authority. The prices are approximately 25 percent below market value.

The next step for the 11 lottery winners was to qualify for a mortgage.



Summit Village offers single-level and townhouse-style homes.

Would their winning streak continue? "Local banks have been very cooperative and eager to help these people with mortgages," RHP Chairman Kelley says, "particularly Reading Cooperative Bank, Medford Savings Bank, and Bank of Boston."

Organizing the housing lottery was quite a challenge, Kelley says. "But it was rewarding because it created a lot of interest and more people got involved."

The chairman says he hopes that interest translates into new members and a clear direction for the seven-year-old partnership. "There really is a big need for affordable housing in Reading."

A 132-unit condominium development, Summit Village is located north of Boston in Reading, just off Rte. 128 and Rte. 28, near I-93.



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THE NEWSLETTER OF THE MASSACHUSETTS HOUSING PARTNERSHIP FUND



MHP Fund Chairman Vincent P. McCarthy speaks at a news conference in front of a former drug den at 16 Strathcona Road in Dorchester. To his left are Michael Cunniff of the Drug Enforcement Administration and BankBoston's Michael Glavin.

SPRING CLEANING

Turning drug dens into housing opportunities was the focus of a day-long celebration in the neighborhoods of Boston on April 10. City, state, and federal officials toured 16 properties that were once home to drug dealers but have now been seized by the city to be renovated into affordable housing. "This is progress," said Boston Mayor Thomas Menino, "but not the end." The mayor promised "to make sure we keep turning these former drug dens into places that make a neighborhood proud."

One of the stops on the tour was 16 Strathcona Road in the Bowdoin-Geneva neighborhood of Dorchester. At a news conference and ground-breaking at the site, Menino took the opportunity to thank each funder "for helping take back our streets and rebuilding our neighborhoods."

Among the speakers was MHP Fund Chairman Vincent P. McCarthy who noted that "when state government partnerships with individual neighborhoods" good things happen.

The Strathcona project has received a commitment from the MHP Fund of \$250,000 in permanent rental financing. "Add that to the \$25 million we have already provided over the last six years to rehab the city's rental housing stock," McCarthy said, "and it's clear the MHP Fund is committed to helping build a better quality of life in Boston's urban neighborhoods."

The property at 16 Strathcona Road is one of six former drug dens in the Bowdoin-Geneva neighborhood to be reclaimed for low- and moderate-income housing. The multifamily building will be renovated into 22 affordable apartments; the other five

properties will provide opportunities for first-time homeownership.

The rehab of 16 Strathcona Road is being undertaken by the private development team of Clifford Long and Keith Gordon. At the April 10 event, Long thanked the MHP Fund and its chairman and invited each of the funders back next year "to see the fruits of their efforts." The project is expected to be completed by late next year.

In addition to permanent financing from the MHP Fund, both the city of Boston and the state Department of Housing and Community Development have committed financial support to the redevelopment.



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Celebrating 12 years of affordable housing development and neighborhood revitalization



Sharing a laugh at the Maple Commons groundbreaking are (l-r) Jim McGoldrick, US Trust; John Cruz Jr., president, Cruz Development; David Rockwell, MHP Fund; John Cruz Sr., founder, Cruz Development; Jane Gumble, director, Department of Housing and Community Development; Boston Mayor Thomas Menino; Rep. Gloria Fox; and Charles Grigsby, director, Boston Public Facilities Department.

BREAKING GROUND IN ROXBURY

Armed with shovels and high hopes, city and state officials kicked off the Maple Commons rehab project at a well-attended groundbreaking on April 12. The financing package includes a first mortgage loan of \$500,000 from the MHP Fund to rehabilitate 41 apartments in three boarded-up buildings in two Roxbury neighborhoods. The largest of the buildings, 15-19 Maple Street, is a former drug haven reclaimed by the city as part of the Mayor's Ten Most Wanted Drug Den Program. The gut rehab is being undertaken by Cruz Development Corp., one of Boston's largest minority-owned real estate companies.

EXPANDING HOME OWNERSHIP

More than 2,100 working families in Massachusetts have discovered the benefits of purchasing their first home through the Soft Second Loan Program. Low- and moderate-income buyers save money because the down payment and up-front closing costs are lower and the monthly mortgage payment is reduced for the first 10 years of the loan. Demand for the program has increased substantially. That's prompted the MHP Fund to launch a pilot program in Weymouth to encourage communities to augment the state program with federal HOME funds so more subsidy will be available to help more families realize the dream of homeownership. Weymouth will combine \$90,000 of its HOME funds with its soft second allocation awarded by the Department of Housing and Community Development. A new variation on an existing program, Soft Second HOME has the potential for helping many more families become first-time homebuyers. Call Bret Riley at 617/338-7878 for more information.

FINANCING WITH A PLUS

Now there's another reason the MHP Fund is the lender of choice for developers looking to secure below-market financing for their small rental properties. It's Permanent PLUS, a new program that combines favorable financing terms with a speedy approval process so developers can respond quickly to market opportunities. Permanent PLUS matches the MHP's conventional fixed-rate permanent rental financing with 0% deferred financing made possible

with funds from BankBoston. Permanent debt financing is secured by a first mortgage combined with subordinate debt of up to \$20,000 per unit for rehabilitation. Cities participating in the program contribute part of the per unit cost. Boston announced its participation at a news conference with the MHP Fund and BankBoston in Roslindale on March 25. To find out more about Perm PLUS, call the MHP's Sheila Dillon at 617/338-7868.



MHP's Clark Ziegler, Boston Mayor Thomas Menino, and BankBoston's Jeffrey Graham in Roslindale.



MAYFLOWER APARTMENTS, LOWELL

Eight buildings in the Centerville neighborhood of Lowell are being purchased and rehabilitated by Winn Development Corp. with permanent financing of \$2.6 million from the MHP Fund. The Mayflower Apartments project will produce 100 units of well-managed, quality affordable housing. The financing package also includes tax credits. Strong support for the project has come from the city of Lowell and its Community Development Department.



With the arrival of spring, business is brisk for the MHP Fund in what is traditionally a busy lending season. It's also the time of year when the Department of Housing and Community Development awards low-income housing tax credits and state HOME funds. Both programs are significant sources of project capital that often complement permanent financing provided by the MHP Fund. In this issue of Network Update, we feature three projects that exemplify the substantial housing rehabilitation supported by these programs.

640 CHICOPEE STREET, CHICOPEE

MHP permanent financing of \$322,266 combined with low-income housing tax credits and state and city HOME funds are supporting a major renovation and new construction project in Chicopee. The nonprofit Valley Opportunity Council is rehabbing three partially abandoned multifamilies in the Willimansett neighborhood; demolish-



44 STANWOOD STREET, DORCHESTER

There's widespread public support behind the Ceylon Field Apartments project being undertaken by the Dorchester Bay Economic Development Corp. Sixty-two units of affordable housing will be preserved with the rehabilitation of 15 three-story brick buildings. Most of the properties are located in the Codman Square, Grove Hall, and Uphams Corner neighborhoods of Dorchester; one building is in the Warren Gardens section of Roxbury. Funding commitments include state and city HOME, tax credits, a grant from the Federal Home Loan Bank of Boston, and a \$580,000 first mortgage loan from the MHP Fund.

ing an unsafe building and replacing it with a duplex near Chicopee Center; and restoring good management to each of the properties - all in support of neighborhood stabilization.

ASSISTING COMMUNITIES WITH ASSISTED LIVING

Technical Assistance through the MHP Fund's Community Assistance Programs has been awarded to three nonprofit housing organizations interested in developing affordable assisted living projects.

The funding will be used to determine the feasibility of projects proposed by the Chelsea Jewish Nursing Home Foundation, the Gloucester Housing Authority, and the Swedish Charitable Society of West Newton.

Assisted living combines housing

with supportive daily living services, maximizing the ability of elders to live independently while reducing the need for long-term nursing home care. However, a major drawback of the concept is its high cost, prompting the MHP Fund to explore ways to finance assisted living projects that are affordable to a broader group of elders.

One such affordable assisted living project is in Chelmsford. Forty of the 70 units will house low-income seniors; the rest will be moderately priced but below

the going rate for traditional assisted living projects. A first mortgage loan of \$2.8 million from the MHP Fund is financing the new facility.

On another note, our new publication outlining the MHP's Community Assistance Programs is now available. It features information about MHP Technical Assistance, First Look funding, and our Pre-development Loan Fund. Call us at 617/338-7868 or 413/253-7379 to receive your free copy.



Q: How did you get involved in the Churchill Neighborhood Partnership?

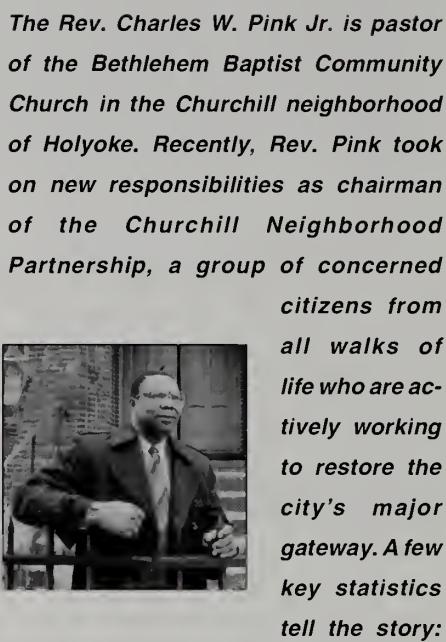
A: When I arrived in Holyoke, this neighborhood was in desperate need. I saw that need and wanted to get involved. If you just try, you can make a difference. If you have faith, you can make a difference. The partnership has been vital in the Churchill neighborhood. And I will never forget what Kathy Anderson (former partnership chair) has done to get us to the point we are today.

Q: What does the partnership bring to the table?

A: We have always had very good participation from all sectors - whether it's professional, banking, business, neighborhood, or institutional. And with all the things happening in the Churchill neighborhood - the federal HOPE VI grant and the state Armory grant - the partnership has been a real catalyst.

Q: How important is the HOPE VI grant to the Churchill neighborhood?

A: You can have great plans but if you have no means to make those plans happen - what good are they? But now we have the means...we have the resources. That's what's exciting to me. Along with the mayor, community developers, and the housing authority, the partnership was there to help secure the federal HOPE VI grant. There were those who said it would not happen. Now my intention is to keep the partnership actively involved in the planning process. So many positive things have happened in this neighborhood. I'm jubilant.



The Rev. Charles W. Pink Jr. is pastor of the Bethlehem Baptist Community Church in the Churchill neighborhood of Holyoke. Recently, Rev. Pink took on new responsibilities as chairman of the Churchill Neighborhood Partnership, a group of concerned citizens from all walks of life who are actively working to restore the city's major gateway. A few key statistics tell the story:

45 percent of the neighborhood's housing stock is either vacant and boarded up or at risk; 54 percent of Churchill residents live below the poverty level; and median family income is less than \$10,000. Network talked with Rev. Pink about the challenges he faces in his new role.

Q: In announcing the HOPE VI grant, former HUD Secretary Henry Cisneros said people should look at this neighborhood very closely to see the way it is today because it may not be the same neighborhood tomorrow. Do you believe that?

A: Yes. I'm quite sure this neighborhood won't look the same tomorrow. It won't happen overnight, but with the passage of time, it's going to change. This neighborhood was at the very bottom and the only place for it to go was up. A little bubble of air was needed to bring it to the point where it's now changed direction. This neighborhood is on the upward bound.

Q: So there's reason for optimism?

A: Over the past three years I've seen community policing instituted, I've seen Churchill become safer, I've seen a neighborhood park reclaimed. These positive things have taken place because the partnership has been part of a citywide collaboration that's making a difference in a neighborhood that was decaying.

Q: You and your family moved to Holyoke from Alabama only a few years ago. How are you settling in?

A: I had my reservations initially and there were a couple of shocks when we first arrived. The climate is drastically different and the lifestyle. In Alabama it's more laid back, people are calmer, and there's more open space. Here, you do feel a touch of urbanism.

Q: Do you and your family now consider Holyoke home?

A: So much has happened to us so quickly...the roots are sinking so deeply that it would be awful hard for me to just pull up now and leave. I've gotten so involved and there's so many opportunities here - you just don't walk away from that.

A CELEBRATION IN CENTRAL MASS.

Even a cold drizzle couldn't put a damper on the holiday open house on Dec. 12 celebrating the revitalization of Worcester's Oak Hill and Union Hill neighborhoods. The scattered site project is the result of a public/private partnership between nonprofit Oak Hill Community Development Corp. and for-profit developer Stephen Schneider. When all is said and done, 11 multifamily properties will be rehabilitated, 40 units of affordable housing will be created, and two of Worcester's historic neighborhoods will look better than ever. Oak Hill board member John Lazarro noted that "what we are celebrating today is the rebirth of



a neighborhood." In addition to federal tax credits and construction funds from BankBoston, the MHP has committed permanent financing of \$1.7 million.

(l-r) Joanne Foster, co-executive director, Oak Hill CDC; Stephen Schneider, developer; Harriett Lebow, co-executive director, Oak Hill CDC; and Donald McGowan, MHP Fund board member.

MHP LAUNCHES NEW LOAN FUND

A new program targeted to nonprofit developers of affordable housing is now officially open for business.

The Acquisition Loan Program can help nonprofits take advantage of market opportunities that depend on a fast turnaround and available financing. The program provides short-term loans to acquire: (1) distressed urban properties in strategically targeted neighborhoods; (2) buildings for affordable housing with specific market conditions requiring early acquisition; (3) properties in time sensitive tax credit transactions; and (4) sites for the development of community residences under the state Facilities Consolidation Initiative. It's financing that's critical to nonprofits which are too often limited to development of vacant or distressed buildings that may be easier or cheaper to acquire but have little economic feasibility.

Capital for the new loan pool comes from BankBoston as part of a financing

NEIGHBOR TO NEIGHBOR

A drive to revitalize their neighborhood in downtown Springfield is keeping members of the Armoury Quadrangle Civic Association busy this spring. The revitalization drive was officially kicked off last fall with a celebration at Armoury Commons Park. Neighbors met neighbors, ice cream sundaes kept the kids happy, and a local blues band provided the music. The goal of the campaign is to reduce crime, clean up the neighborhood, and provide safe, quality housing. The MHP Fund is supporting the stabilization effort on two fronts by refinancing the 253-unit Armoury Commons to insure stable property management, and providing a first mortgage loan for the rehab of the former Rainville Hotel on Byers Street.



Springfield Union News

Five-year-old Michael Garcia of Springfield strolls through Armoury Commons Park.

agreement with the MHP Fund following the merger of Bank of Boston and BayBanks. The Community Economic Development Assistance Corp. (CEDAC) is administering the Acqui-

sition Loan Program. It was unveiled to nonprofit developers in January at half-day workshops in Springfield and Boston. For more information, call CEDAC at 617/727-5944.



Holyoke Mayor Daniel Szostkiewicz accepts a check for \$1,276,500 from Jane Gumble, director of the state Department of Housing and Community Development. To her left are state Sen. Michael Knapik, former mayor William Hamilton, and Walter DeFilippi and Evelyn Chesky, state representatives.

HOLYOKE AWARDS

The city of Holyoke is putting to good use three grants totaling nearly \$1.3 million awarded by the state Department of Housing and Community Development (DHCD). The awards are funding the rehabilitation of the National Guard Armory into a community center in the Churchill neighborhood; the demolition of four vacant buildings; and laying the groundwork for a city master plan. Announcing the awards on behalf of the Weld-Cellucci Administration, DHCD Director Jane W. Gumble said the grants will help "Holyoke to continue its mission to strengthen neighborhoods and improve the quality of life for all residents, especially the children."



John Yunits Jr.

SPRING-CLEANING IN BROCKTON

A comprehensive plan to renovate housing and stabilize neighborhoods is getting underway this spring in Brockton. In one neighborhood, Edgar Playground, 15 abandoned buildings are targeted for rehabilitation by the Brockton Community Corp. The properties will be sold to first-time homebuyers once they've been rehabbed; demolition is planned for another 17 buildings considered safety hazards. Mayor John Yunits Jr. told the *Boston Sunday Globe*, "When properties can be preserved and rehabilitated, we want to encourage that. Otherwise...they're eyesores and they conflict with the image of the Brockton we're trying to create."

LEARNING ABOUT LIP

The Local Initiative Program (LIP) was the topic of two informational sessions in Reading and Franklin co-sponsored by the MHP Fund and the Department of Housing and Community Development in November. LIP is a state program designed to give cities and towns considerable flexibility in their efforts to provide affordable homeownership. The audience heard from

developers who had successfully used LIP and from local officials who outlined the merits of the program. Wilmington's Lynn Duncan described LIP as an "important planning tool that gives communities the advantage of local control." For more information about the LIP program, contact the MHP's Rita Farrell at 413/253-7379 or Sheila Dillon at 617/338-7868.



Community Outreach Director Rita Farrell of the MHP Fund speaks at a local initiative meeting in Reading. To her right are DHCD's Albert Rodiger, Wilmington Planning Director Lynn Duncan, and developer Lynn Anderson.

HOME DEVELOPMENT

The Department of Housing and Community Development (DHCD) has awarded the MHP Fund a \$45,000 contract to provide technical assistance to developers of affordable housing who are applying to DHCD for HOME funds.

Part of the award has been used by MHP community assistance staff to organize two well-attended HOME training sessions in Sturbridge on March 31 and in downtown Boston on April 3.

The trainings covered a variety of tasks related to the development of HOME multifamily rehab projects including advice on obtaining site control, and the construction of development and operating proformas.

Training sessions on how to use HOME funds for homeownership projects are scheduled for mid-June in Western Mass. and Boston. Call Cassie Arnaud at the MHP Fund for more information at 617/338-7868.

Network is the newsletter of the Massachusetts Housing Partnership Fund, a public agency created in 1985 and financed by the banking industry to fund affordable housing and neighborhood development in communities throughout the Commonwealth.

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William F. Weld, Governor

A. Paul Cellucci, Lt. Governor

Jane W. Gumble, Director
Department of Housing & Community Development

Vincent P. McCarthy, Chairman

Clark L. Ziegler, Executive Director

Diane Butler, Editor

NEWS CLIPS

The chairman of the **Brockton Housing Partnership** has been appointed to the deposit cap commission. **Jim Blake** is one of six members to be appointed by **Gov. Weld**. The commission was established under the interstate banking law passed last year by the Legislature. ...Congratulations to **Daniel Forte** on his election as president and chief executive officer of the **Massachusetts Bankers Association**. Forte succeeds **Richard Driscoll** who retired after five years at the helm of the statewide banking organization. ...**Kevin Kiley** has also been promoted at the MBA. Formerly executive vice president for state legislative and regulatory policy, Kiley is now chief operating officer and corporate secretary....The **Wayland Housing Partnership Committee** is looking for new members. For more information call the executive secretary's office....Selectmen in **Freetown** are looking for residents interested in affordable housing to serve on a new housing partnership....**Project Genesis**, the successful homebuyer program run by the **Merrimack Valley Housing Partnership**, has received a \$15,000 donation from **BankBoston**. The training program teaches low- and moderate-income families the ins and outs of purchasing a first home.



Christoph Gabler

MHP Fund staff notes: **Christoph Gabler** of Framingham has been hired as senior portfolio manager. In the newly created position, Christoph is overseeing the MHP Fund's multimillion dollar loan portfolio. He was previously with the Massachusetts Housing Investment Corp....Our

new portfolio manager is **Linda Hill**. She was previously with Fleet Finance, Inc. in Boston. An April bride, we wish Linda and her new husband **Tim Musgraves** much happiness....**Tawana Anderson** has joined the MHP Fund as loan administrator. Her experience includes commercial underwriting at The Norfolk & Dedham Group in Boston....**Tom Beard** of Worcester has joined the MHP Fund as a lending assistant. Tom recently completed a master's degree in public administration at Northeastern University....**Ben Fernandez** is the MHP Fund's new staff attorney. Ben comes to us from the private sector where he was an associate at Peabody & Arnold, and Brown, Rudnick, Freed & Gesmer. Ben earned an advanced degree in banking and financial law at Boston University School of Law in 1995....Congratulations to **Sheila Dillon** on the birth of her son **Pearse** in November. Sheila is the MHP Fund's housing development director....The Soft Second Loan Program has a new operations assistant. He's **Jason Fowler** of Roxbury, a Charlestown High School junior....**Alma Balonon-Rosen** and husband **Mitch** are getting in shape for the fall Boston to New York AIDS ride. The three-day bike trip gets underway Sept. 7; money raised benefits the Fenway Community Health Center. More than 3,000 bicyclists are expected to pedal the 275-mile route. Alma says any and all pledges are gratefully accepted!



Linda Hill



Sheila Dillon

PARTNERSHIP PROFILE

Bring up the topic of affordable homeownership - or the lack of it - and Chris Ashe has something to say about it. "We spend thousands of dollars educating kids in the public school system and then we can't provide housing for them if they want to stay in their hometown."

But rather than just talk about it, Ashe has *done* something about it. Ten years ago he helped found the Franklin Housing Partnership. Today he serves as chairman - again. Since 1987, the partnership has negotiated with the developers of eight different housing projects.

This spring, setting up a housing lottery for the affordable homes at Dover Farms has kept the organization busy. "When I first got involved, a good house was going for 50 or \$60,000," Ashe notes. "Now prices have gone through the roof. Nobody who was born and raised here can afford first-time homebuying without using some sort of special program." In the case of Dover Farms, the state's Local Initiative Program was used. Granted a comprehensive permit, the developer got concessions from local

zoning while the town got at least 25 percent of the total units set aside for income-eligible buyers, a majority of whom must live or work in Franklin.

Who gets to buy those units is where the housing lottery comes in. "My heart goes out to the ones who lose," Ashe says. "I just wish I had more units for them." In the Dover Farms lottery, there were 100 applicants vying for the chance to buy one of nine affordable homes. As for the winners, Ashe says, "We don't just pull a name out of a hat;

we walk them through the entire homebuying process."

Ashe says he's already received a call from a developer with another project who's interested in building in Franklin. "We know it's going to be an act of God to prevent him from bringing in his project if he plays by the rules of the comprehensive permit," Ashe says. "So we're there to make sure we can give him what he needs and we can get what we want from him." Let the negotiations begin.



Millard Daily News

Seven-year-old Andorra Salaices of Millis picks the lucky winners in the Dover Farms housing lottery and hands their names to Franklin Housing Partnership Chairman Chris Ashe.



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NETWORK

THE NEWSLETTER OF THE MASSACHUSETTS HOUSING PARTNERSHIP FUND

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MHP LOAN FUNDS HAVE MAJOR STATEWIDE IMPACT

Many communities in Massachusetts have a strong sense of direction and solid plans for reinvesting in their neighborhoods. But without access to credit, on reasonable terms, few of these initiatives would ever come to fruition.

That's why the Massachusetts Housing Partnership Fund was established in 1985. Our purpose is to support neighborhood-based housing and development strategies and to provide financial and technical assistance that would not otherwise be available from the public or private sector.

Our work was enhanced by a landmark 1990 banking law – the only one of its kind in the U.S. – that requires banks to provide credit to the MHP Fund whenever they acquire other banking institutions in Massachusetts. The law has made hundreds of millions of dollars in credit available which, in turn, has been used by the MHP Fund to provide acquisition loans, bridge loans, and long-term mortgage financing for rental housing.

During the last five years the impact of these new funds has exceeded even our highest expectations:

- More than \$120 million in long-term financing has been committed
- More than 4,600 apartments have been rehabilitated in 32 cities and towns

...BUT WE NEED YOUR HELP TO CONTINUE!

The MHP Fund can only continue to make loans if it is adequately capitalized. We need to receive funding from the Legislature – for the first time since 1985 – in order to take advantage of nearly \$200 million in bank financing that is already available to us at below-market interest rates. Public funds are used to maintain a capital balance equal to 4% of our outstanding debt as required by our agreements with participating banks and their federal regulators. (No public funds are used to pay our operating costs since the MHP Fund is self-supporting.)

Earlier this year, the Governor requested and the House of Representatives approved a \$2.5 million appropriation to recapitalize the MHP Fund. This request, which is part of a \$10 million recapitalization plan, has been supported by the Massachusetts Bankers Association and by every major housing organization. As of our publication deadline, however, the Senate had not approved an appropriation.

Please let your legislators know how important the MHP Fund has been to you and to community-based housing initiatives across Massachusetts. If you'd like to help, or would like further information, please call Clark Ziegler or Judy Jacobson at 617/338-7868 or Rita Farrell at 413/253-7379.

- More than a hundred rental properties are now assured of stable, long-term management

Whether it's the Franklin Field neighborhood in Boston, the Point in Salem, the Arlington neighborhood in Lawrence, or the Armoury neighborhood in Springfield, the MHP Fund has kept faith with the neighborhood residents, community organizations, civic leaders, and private entrepreneurs who are all trying to make their communities a better place to live.



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Celebrating 12 years of affordable housing development and neighborhood revitalization

A GRAND GROUNDBREAKING IN DORCHESTER

A unique housing opportunity for grandparents who are raising their grandchildren is being developed in Dorchester. Described as a first-in-the-nation housing and program service center, GrandFamilies House

will provide 26 quality apartments when the gut rehabilitation of the abandoned nursing home at 214 Harvard Street is completed next summer. Construction of a third floor and a new wing is also in the works.

The complex funding package includes permanent rental financing of up to \$450,000 from the MHP Fund in addition to HOME, Housing Innovation Funds and Low Income Housing Tax Credits awarded by the state Department of Housing and Community Development.

A groundbreaking held on Aug. 6 gave project sponsors Boston Aging Concerns - Young and Old United (BAC-YOU), the Women's Institute for Housing & Economic Development, and the Boston YWCA an opportunity to thank their many funders.



A rendering of GrandFamilies House by artist Robert J. Leanna II. The project is expected to be ready for occupancy in the summer of 1998. Illustration courtesy of BAC-YOU.

SOFT SECOND UPDATE

Thanks to the Legislature, an additional 750 families during the next year will be able to qualify for an affordable mortgage and buy their first home in the Commonwealth. A \$3 million appropriation for the Soft Second Loan Program is the reason behind the good news. The state Department of Housing and Community Development will allocate the awards to participating communities. Since 1990, more than 2,400 families in 126 cities and towns have experienced firsthand the homebuying power of an affordable soft second loan. The program makes first-time homeownership a reality for families with incomes ranging from \$15,000 to \$40,000. Call MHP's Bret Riley at 617/338-7878 for more information.

A SUMMER CELEBRATION

A groundbreaking in Boston's Allston Brighton neighborhood on Aug. 1 drew a large crowd of local and state elected officials, nonprofit developers, funders, and residents. The event marked the start of the renovation of the Brighton Allston Apartments, a project that will preserve as permanently affordable 60 apartments in two buildings. The MHP Fund is

providing permanent financing of \$425,000; other financing includes city and state HOME funds and Low Income Housing Tax Credits. The project sponsor is the Allston Brighton Community Development Corp., a neighborhood-based nonprofit experienced in providing quality housing and improving neighborhoods.

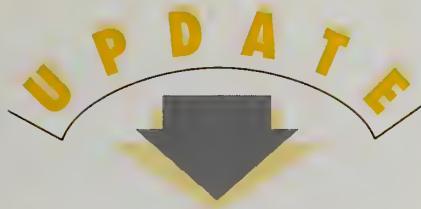


Boston Mayor Thomas Menino and state Sen. Warren Tolman (in rear) join residents in celebrating a plan to preserve their housing.



1-9 HOLT STREET, LAWRENCE

A key gateway into Lawrence will get a major face-lift thanks to private investment and a funding match from the city and the MHP Fund under the Permanent PLUS Program. In addition to substantial rehabilitation, the 22 apartments in the nearly vacant, dilapidated three-building complex at the corner of Water and Holt streets will be deleaded. Significant landscaping will also add to the overall improved appearance. The redevelopment is the first Perm PLUS project in Lawrence.



Our newest permanent financing product, Perm PLUS, was introduced this spring to help cities stabilize rental housing stock and ensure sound property management. The program finances the rehabilitation of small investor-owned properties. Financing is provided by the MHP Fund through a special program with BankBoston, and with matching funds from participating cities. This issue of Network features three Permanent PLUS projects in three cities across the state.



6 RIPLEY STREET, WORCESTER

Permanent PLUS funding matched by a deferred payment loan from the city of Worcester is supporting the acquisition and rehabilitation of 10 units in three properties in the Main South neighborhood. Providing responsible ownership and quality housing will help further the Main South Community Development Corp.'s ongoing neighborhood revitalization efforts. The Perm PLUS financing is the third loan the MHP Fund has made to the housing organization. The CDC has been developing and managing affordable rental and homeownership projects in the Main South neighborhood since 1988.



440 MERIDIAN STREET, EAST BOSTON

The nonprofit Neighborhood of Affordable Housing (NOAH) has tapped the MHP Fund and the city of Boston to finance its Shalom Properties project. NOAH is using the matching funds to acquire two condominiums and refinance seven other properties scattered throughout East Boston. The project will preserve 30 units of affordable housing

in the Eagle Hill and Maverick Square neighborhoods. This is the MHP Fund's second permanent loan to NOAH.

COMMUNITY ASSISTANCE AT WORK

A proposed 32-home development on town-donated land in Westford is moving forward with the help of a \$50,000 predevelopment loan from the MHP Fund.

Westford Community Homes, a newly formed nonprofit, will use the loan to pay for a variety of needs including architectural site planning, topographical surveys, environmental assessments, and legal preparation. The houses will be affordable to low- and moderate-income first-time

homebuyers. The eight-acre site on Tadmuck Road was donated to the Westford Housing Authority by the town. The housing authority then formed a nonprofit to sponsor the homeownership project. A groundbreaking is expected next spring once the necessary regulatory approvals are granted and construction financing is secured.

On the schedule this winter, the MHP Fund and the state Department of Housing and Community Development are planning a couple of trainings

on utilizing HOME funds. The first session is tentatively scheduled for early December and will review how to use HOME funds to develop rental projects. A second training on using HOME monies for homeownership opportunities is in the works for mid-January. Watch your mail for more information on dates, times, and locations. Or call Cassie Arnaud at the MHP Fund at 617/338-7868.

Q: Who has influenced you most in your life?

A: My father. One thing he instilled in me is that you have to try and do your best. You can be anything you want to be if you put your mind to it and put all your effort into it. That's one thing I got from my father. You want it - work for it and you'll get it.

Q: That advice seems to have served you well.

A: Don't kid yourself. I have fallen down many times - even in business - but I got up. I didn't let the fact that I fell down end in failure. Over and over I got up. In fact, you do better the next time if you learn from your mistakes.

Q: How did you get started in owning real estate?

A: I bought a two-family in 1982 for \$25,000. I lived there and the tenants helped me pay the mortgage. I wanted to have something of my own because I knew I was going to settle here - that I was not going back to Cambodia. So I decided to buy. I was nervous but the desire to own was strong.

Q: How important to you is MHP financing?

A: I'm grateful that the MHP Fund has been there to give me a helping hand. Dealing with banks - even local banks - is one big headache. Some don't even have financing programs for multi-families of more than four units. They say if you want to buy 4, 5, 6 units, save up your own money and buy it yourself. Without MHP financing, I would never have been able to buy my building on Broadway - no way. The avenue MHP offers in terms of interest rate is better than most banks. The MHP offers this avenue that's good for people like me. Otherwise, it's a stalemate. You can go one-family, two-family, and never get any bigger.



It was 1979 when Dan Chea escaped his war torn country of Cambodia. He arrived in Lowell with little more than the shirt on his back and a few English words in his vocabulary. He was willing to risk his life, he says, because "either we have freedom, or we would rather die." Chea got a job packing spaghetti at \$100 a week and used the next two years to master English. Eighteen years later, the former Cambodian refugee has a college education, is an American citizen, and works as an accountant. Chea also owns and manages two buildings with a total of 15 apartments, both purchases made possible with MHP permanent financing. Network caught up with him at his office in downtown Lowell.



Q: Any long-term goal?

A: When I escaped I wanted to survive. I wanted to get an education. I wanted peace. But now my goal has changed. I have freedom, I am a citizen, and I got my education. I own property. And now - looking long-term - I want to go into business. I have evolved. I would have been so satisfied if you had told me I could own two houses when I got here in 1979. That's great. But now it's not. I want more than that.

Q: How will you accomplish your new goal?

A: I believe opportunity comes by all the time but you have to be ready to grab that opportunity so you have to prepare yourself. It's like that house on Broadway. The opportunity came by and I was ready for it. I was looking and I was ready. I knew I could do it and the MHP Fund responded. It wouldn't be any good if MHP is ready and I'm not.

Q: How do you describe yourself today?

A: I'm an Average Joe trying to do my best to make it here. To some degree I've made it but not to the point where I want to be. I'd like to do better and accomplish even more.

Q: Any advice to those who might follow you?

A: If anyone asks me, I tell them what my father told me: get an education and then opportunities will open, especially if you're an immigrant. What else do you have? You don't have Rockefeller behind you - that big bag of money. But you can get an education. I started at the bottom, too. Learn English and get an education.

Q: Now 15 years later you own two multifamily properties with 15 apartments that you rent at below-market prices. Why?

A: I want to have affordable housing to help Cambodian and Asian families that I see living in substandard housing. If I could get a hundred more units there's no question I could fill them. In fact, people knock on my door looking for apartments because they know I'm a decent landlord and will treat them well. They know I don't have a Taj Mahal to rent but I do what I'm supposed to do.

MAKING THE POINT IN SALEM

Mayor Neil Harrington did the honors at a ribbon-cutting ceremony on June 26 at 10-14 Lynch Street in Salem's Point neighborhood. The event celebrated the renovation of 48 single rooms into 11 units of quality mixed-income housing. "It's amazing to stand here today and see what's been done," said Mayor Harrington. "This public/private initiative demonstrates how a community can be enhanced by turning a problem property into a desirable housing resource." The Lynch Street project is one of the first in

the Commonwealth to be financed under the MHP Fund's new Permanent PLUS Program which required a funding match from the city to make it feasible. MHP permanent rental financing of \$319,000 was combined with an MHP deferred payment loan of \$45,000 - made possible with funds from BankBoston - and a city match of \$45,000 in Community Development Block Grant monies. Developers Raymond and Ronald Falite of Wakefield provided the private investment.



(l-r) Harbor Point CDC's James Haskell; John Donahue, Salem City Councilor and aide to Sen. Fred Berry; Rose Mary Sargent, Cong. Tierney's office; Peter Shaw, MHP director; City Councilor Peter Paskowski; Mayor Neil Harrington; developers Ronald and Raymond Falite; MHP Executive Director Clark Ziegler; and MHP loan officer Elizabeth Haughey.

WORCESTER PROJECT UNDERWAY

It's almost like starting from scratch. That's one way to describe the gut rehabilitation of two abandoned multifamily properties in the Beacon Brightly neighborhood of Worcester. Vacant since 1989, the brick buildings on Dale Street look pretty good from the outside but are in serious disrepair inside. The renovation by private developer Frank Zitomersky is expected to be completed by early next year, providing quality homes for 18 families. The project fits in with the city's plan to reinvest in the neighborhood by reclaiming abandoned property.



Developer Frank Zitomersky (3rd from left) gives MHP's Rita Farrell and others an inside look.

The Department of Housing and Community Development has revised its policy for allocating Low Income Housing Tax Credits in Massachusetts. The 1997 Allocation Plan reserves 60 percent of all tax credits for projects that preserve existing units and 40 percent for projects that add new units to the Commonwealth's affordable housing stock. Albert Rodiger, director of the tax credit program, said the new two-category formula replaces a variety of ambiguous set-asides. "This marks a shift and comes at an important time," Rodiger said. "Other sources of funding for preservation projects have dried up at the federal level and new HOPE VI projects (re-engineering of federally funded public housing projects) have put a strain on the program. We wanted to ensure some of each type of housing was awarded credits." Rodiger noted demand has increased although the state's allocation of federal tax credits has remained consistent at about \$8 million annually. DHCD's new allocation plan also prioritizes projects that are part of a comprehensive neighborhood strategy while continuing to award points for cost-effectiveness.



WHAT'S NEW IN P'TOWN

Two weathered woodframe buildings on the main drag heading into Provincetown have taken on a spanking new look. With fresh shingles outside and a major renovation inside, the project on Conwell Street is already fully occupied. A painter, a sculptor, and three other income-eligible artists live in the affordable apartments with attached workspace. The project also included the construction of a third building.

The finishing touches are applied to the Conwell Street project in Provincetown.

Developer Ted Malone secured local support for the project from the town of Provincetown, the Barnstable HOME Consortium, the Lower Cape Cod Community Development Corp., and the Cape Affordable Housing Association. The MHP Fund is providing permanent financing of \$243,000. MHP Chairman Vincent P. McCarthy was a featured speaker at an open house on Sept. 26 celebrating the project's completion.

ON THE ROAD AGAIN

The MHP Fund board of directors took to the road in late April to get a firsthand look at agency-financed projects in the Merrimack Valley. Joining the board were state Sen. John O'Brien, Senate chairman of the Housing and Urban Development Committee; Mayors Dennis DiZoglio of Methuen and Mary Claire Kennedy of Lawrence; and Lowell City Councilor Eileen Donoghue. A bus tour of key neighborhoods gave housing and community development staff from each city an opportunity to discuss their neighborhood development strategies.



(l-r) MHP Board Chairman Vincent McCarthy, Methuen Mayor Dennis DiZoglio, and Joseph Cosgrove, assistant director of the Methuen Community Development Department.



MHP loan officer Alice Wong and developer Charles (Rusty) Ransford in North Adams.

LEASED UP IN NORTH ADAMS

MHP lending has made a positive difference in the Berkshire community of North Adams. Forty-one units in two buildings are now back on line and fully leased after being renovated by local entrepreneurs Charles and Dorothy Ransford. The rehab project at the corner of Union and Rand streets has substantially alleviated the demand in the area for quality, affordable single rooms. No stranger to housing development, the couple

has owned and managed rental property in northern Berkshire County for more than 20 years.

In addition to permanent financing of \$400,000, the MHP Fund also provided a predevelopment loan of \$34,500 to get the project underway. Other funders are the state Department of Housing and Community Development and the federal Department of Housing and Urban Development.

MANUFACTURED HOMES

The MHP Fund had an opportunity to be heard before the Massachusetts Manufactured Home Commission at a meeting over the summer. Executive Director Clark Ziegler and loan officer Alice Wong briefed the five-member board on the MHP's financing and technical assistance. Wong described manufactured homes as "a vital part of affordable housing." Ziegler told the commissioners that "as long as there is a need out there, we are going to respond."

In fact, the MHP Fund has already responded twice, providing financing for the purchase by tenants associations of manufactured home communities in Greenfield and Springfield. Cooperative ownership allows the associations to keep rents affordable for the sites on which the manufactured homes are anchored. Sixty-six families live in the Greenfield Country Estates just off Rte. 2. The Boston Road Mobile Home Park in Springfield is a much larger community with 315 sites.

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A. Paul Cellucci, Governor

Jane W. Gumble, Director
Department of Housing & Community Development

Vincent P. McCarthy, Chairman

Clark L. Ziegler, Executive Director

Diane Butler, Editor



Aaron Gornstein

Aaron Gornstein has been named to the Housing Impact Advisory Council sponsored by the

Federal National Mortgage Association. Gornstein, executive director of Citizens' Housing and Planning Association (**CHAPA**), will serve a two-year term....**Philip Giffee** has been named a **Fannie Mae Foundation** Fellow in the program for senior executives in government at Harvard's John F. Kennedy School of Government. Giffee is executive director of **NOAH**, Neighborhood of Affordable Housing, an East Boston housing nonprofit....Fannie Mae's Boston Partnership Office has a new director. **Robin Drill Campbell** has 18 years of experience in community development, much of it in Massachusetts....Congratulations to the **Neighborhood Development Corp.** of Jamaica Plain on its 20th anniversary....**Philip Barske** has been appointed by the Board of Selectmen to the **Easton Housing Partnership**....The **Bedford Housing Partnership** is looking for new members. Call chairman **Zella Elizenberry** at 781/275-6306 for more information....The **Sherborn Housing Partnership**'s first affordable housing project is expanding to 17 units. Town Meeting voted in May to buy more land for the **Leland Farms** development allowing for two additional farmstead-style condominiums. The partnership hopes to break ground on the project this year, the culmination of a 10-year effort....The **Massachusetts Affordable Housing Alliance** is the winner

NEWS CLIPS

of a \$2000 award from the **Center for Community Change** in Washington, D.C. The Dorchester-based housing agency is one of only three organizations nationwide to win the award for its "extraordinary record" in serving low-income and working-class communities....Our warmest wishes go out to **Erin O'Brien Bettez** on the birth of her daughter in July. Erin works in the private housing division at the state **Department of Housing & Community Development**....MHP staff notes: Congratulations are in order for four MHP employees who have recently been promoted. **Eva Boyce** of Roxbury fills the newly created position of chief financial officer; **Elizabeth Haughey** is now a full-fledged MHP loan officer; **Tawana Anderson**'s new title is portfolio analyst; and **Cassandra Arnaud** takes over as community programs coordinator....

Assuming the duties of controller is **Sandra Davidson** of Brookline. A certified public accountant, Sandra

has 14 years of public and private accounting experience....**Heather Hennessey** has joined the MHP Fund as administrative assistant for portfolio management. Heather is a recent graduate of Ohio's Miami University....Our new information systems coordinator is **Scott MacIntyre**. A Northeastern University graduate, Scott most recently worked at a software company in Needham. Welcome all!



Sandra Davidson

PARTNERSHIP PROFILE



*Provincetown Local Housing Partnership
Chairman Michael Bunn and members (to his left)
Mary Joy McNulty and Irene Rabinowitz. Michelle
Jarusiewicz (on left) is the town's liaison to the
partnership.*

Town Meeting addressed the problem in April, overwhelmingly approving the formation of the Provincetown Local Housing Partnership and allocating to the partnership 86 unused building permits. "Those permits are like gold," Bunn explains, because they are set aside exclusively for the development of affordable housing. But, he acknowledges, "We have to look at what we already have and work with that because we really don't have a lot of available building lots for new construction." Add to that a sensitive environment and the lack of resources such as fresh water and waste disposal sites, and developing any type of housing is a challenge. Provincetown takes up less than three square miles at the tip of Cape Cod. Its population swells from under 4,000 to more than 30,000 in the summer. Provincetown Harbor was the site of the first landing of the Mayflower; in the 19th century a thriving fishing industry made its home there; in the first part of the 20th century, a colony of artists

and writers took up residence. Today, Provincetown's economy is almost entirely dependent on summer tourism.

Appointed by the Board of Selectmen, the five-member partnership elected Bunn its first chairman in July. It's now considering a variety of options prepared by the Affordable Housing Working Group, an informal town-appointed committee and the partnership's predecessor. "We're very fortunate the working group did all the preliminary research and convinced the selectmen to make affordable housing a town goal," Bunn notes. "Now we're beginning to pick apart the strategies to see what will fly and we're getting a list of tax title and town-owned properties to consider."

Bunn has a clear goal for the partnership's first year. "I would like to have the policies and procedures for awarding the affordable housing permits in place, and all the available properties identified and within our reach so we're ready to go in year two. If we can accomplish that much, that would be great."

Mention the "help wanted" signs prominently displayed on storefronts in Provincetown this past summer and Michael Bunn will tell you it's just another manifestation of the severe lack of affordable housing. And it's not just seasonal workers who are affected. "We're trying to keep a volunteer fire department," Bunn says, "but the firefighters have all been moving to Truro because they can't afford to live here."

Massachusetts Housing Partnership Fund

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THE NEWSLETTER OF THE MASSACHUSETTS HOUSING PARTNERSHIP FUND

LOCAL HEROES

By Clark L. Ziegler, Executive Director

Many of the successes along the way to stabilizing neighborhoods are small ones. Homes are purchased and fixed up by first-time buyers; apartment buildings are bought and maintained by responsible private owners; vacant or abandoned properties are repaired or forced to make way for something better.

But every once in a while neighborhood progress gets measured in giant steps, entailing significant risks and involving true heroes. A good example is the rebirth of Mandela Apartments into Mandela Homes in Lower Roxbury.

Formerly called Westminster-Willard Apartments, Mandela changed ownership in 1982. Over the next 14 years the condition of the 10-building complex deteriorated drastically. Finally, in 1996, a federal court found the owner responsible for "gross mismanagement." Until then, no one had been successful in forcing the owner to fulfill his legal and moral obligations to the tenants - or in forcing him out. But when foreclosure proceedings began, the owner declared bankruptcy and it appeared the property would be liquidated with residents subjected to years of additional uncertainty. Fortunately, that didn't happen thanks to the hard work and commitment of a number of interested parties.

Glenn Hall and the Mandela

Residents Cooperative Association:

Mandela tenants realized they lacked the resources and expertise to take over the Roxbury property themselves. They needed an experienced partner. They found one in Beacon Residential Properties, a Boston-based developer and multifamily management company. The two entities formed an alliance and obtained federal low-income housing tax



Members of the successful public/private partnership who are overseeing the rebirth of Mandela Homes.

credits - funding that was critical for the redevelopment. Under the leadership of tenant association president Glenn Hall, residents stuck with it, believed in themselves, and were unwilling to take no for an answer.

Jane Gumble: The redevelopment of Mandela wasn't going to happen without an infusion of money to restore the property. That required federal tax credits. But there was a major wrinkle in Mandela's application. For the first time in its history, the Massachusetts Department of Housing and Community Development was being asked to provide credits to a sponsor who did not yet own the property or have proof of "site control." DHCD Director Jane Gumble could easily have said no. Instead, she did the right thing by rethinking the state's policy, awarding the necessary tax credits, and appearing in bankruptcy court to actively support the tenants.

Carol Kenner: The legal maneuverings of Mandela's former owner threatened to derail the entire

project. Faced with that reality, Bankruptcy Court Judge Carol Kenner took a leap of faith and sided with the tenants, approving the redevelopment plan giving residents long-term ownership.

The MHP Fund was proud to provide the \$6 million in permanent financing that's helping turn Mandela's clouded history into a promising future. And we stand ready to provide our resources and our expertise to help other neighborhood heroes in cities and towns across Massachusetts.

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LOWELL HOUSING

MATTERS

City officials didn't have to walk far to join in the celebration on April 7 marking the completion of the Triangle rental project in downtown Lowell. The event was held at 387-399 Market Street just around the block from City Hall.

The property is one of four buildings gut rehabbed in Lowell's Acre neighborhood, providing new apartments for 26 families and first floor commercial space for four businesses. Along with city and state support, the MHP Fund provided a first mortgage loan of \$254,000 to the Coalition for a Better Acre (CBA), a community development corporation that's been in business since 1982.

The MHP has a long history with these properties and with the Acre neighborhood. We provided seed money to the city of Lowell in the early 1990s. It was used to negotiate the bulk purchase of vacant and abandoned properties from the Federal Deposit Insurance Corp. and the Resolution Trust Corp., including several of the properties in the Triangle project.



(l-r) David Rockwell, MHP senior loan officer; Bryan Wyatt, CBA community development director; Chuck Sart, CBA board president; and Frank Carvalho, CBA executive director.

SOFT SECOND ACHIEVEMENT

A report released by the Massachusetts Community and Banking Council confirms it: the Soft Second Loan Program offers the most affordable mortgages in Boston. The council commissioned Jim Campen to update his 1995 report analyzing the impact of four mortgage programs administered by nonprofits and targeted to meet the needs of low-income and minority households in the city. Campen is an associate professor of economics at UMass-Boston. He

determined that the Soft Second Loan Program was the most affordable mortgage product in town and was successful in "effectively targeting virtually 100 percent" of its below-interest loans to low- and moderate-income families. More than 3,100 families statewide – over half of them in Boston – have qualified for low-cost mortgages since the program was created by the MHP Fund and a coalition of banking and community groups in 1991.

NORTH SHORE TOUR

Neighborhood reinvestment in Salem and Lynn was the topic of discussion at the MHP Fund's April 3 board meeting. Community development officials and housing developers joined MHP directors and staff for a walking tour of neighborhoods in both cities. In Salem, the Point was the focus of attention where the Salem Harbor CDC has a comprehensive neighborhood revitalization strategy underway that's financed in part by the MHP Fund. In Lynn, the city's in-fill housing was spotlighted, a program that's providing new homeownership opportunities for low- and moderate-income families.



The porch of a rehabbed two-family home in Lynn offered the perfect spot for a group picture.



1 GLENWOOD STREET, MALDEN

First-time borrowers Leonard Halloran and David Piscatelli are using MHP funding to refinance 11-13 Dehon Street in Revere and to purchase and upgrade a 5-unit building in Malden. "Hands down, no matter where I looked, I couldn't find anybody who could come close to MHP's below-market financing," Halloran noted. The 2-building project qualified for Perm Plus financing that combines the MHP's favorable financing terms with a zero percent deferred payment loan. Halloran and Piscatelli are local firefighters by trade.



In this issue of Network Update, we take a look at projects in Malden, Lowell, and Roxbury. Two of our three borrowers are newcomers to MHP. They've discovered what a lot of developers already know – that the MHP Fund is the place to find below-market permanent financing. In fact, for urban neighborhoods the MHP Fund has become the primary lender in Massachusetts for the rehabilitation of affordable rental housing. In only five years, we have financed nearly 100 rental properties totaling 5,400 units in 43 cities and towns.

120 PLEASANT AVENUE, ROXBURY

Nuestra Comunidad Development Corp. is getting MHP financing for the second time. Under the Perm Plus Program, the CDC has qualified for permanent financing of \$290,000 and a zero percent deferred payment loan of \$86,493 that will be matched by the city of Boston. The financing will be used for the acquisition and minor rehab of three



93 CHESTNUT STREET, LOWELL

An historic neighborhood with a troubled past is being rehabilitated into a desirable place to call home in Lowell. Thanks to a funding package of nearly \$5 million, Chestnut Square now has a bright future. The project involves the acquisition, historic preservation, and redevelopment of roughly 60 percent of a residential/commercial block. When completed, 41 units of quality housing will be available to income-eligible families. The nine buildings scheduled for renovation are in various levels of disrepair, some of them badly fire damaged while others require only moderate rehab. The MHP's piece of the funding puzzle is a first mortgage loan of \$430,000. The project sponsor is the Caleb Foundation, a nonprofit developer and social service provider.

attached buildings near Dudley Street, the NCDC's target area.

TEACHING THE FUNDAMENTALS

Staff and board members of more than 70 housing authorities across the state learned the ins and outs of developing private housing through nonprofit corporations at workshops in late April in Bedford and Sturbridge. The half-day seminars were sponsored by the MHP Fund in conjunction with the Massachusetts Chapter of the National Association of Housing and Development Officials (NAHRO). Topics

included how to establish a nonprofit subsidiary, the different models available, and what state laws must be adhered to in setting up affiliated organizations. Speakers included attorney Karen Kepler, Webster Housing Authority's Paula Wayman, and William Breitbart of MBL Housing and Development. Copies of the workshop manual are available at cost for \$7.50. Call Cassie Arnaud at 617/338-7868 to place an order or for more information.



MHP's Rita Farrell listens as Marc Slotnick of the Department of Housing and Community Development delivers opening remarks.

A CHELSEA MORNING

The sun was up but the temperature sure wasn't for the official opening of the Chestnut-Marlboro Apartments in Chelsea on Jan. 15. The ribbon cutting outside was followed by a warm reception inside at the Polish American Veterans Club around the corner from the rehabbed property. In attendance were Senate President Thomas Birmingham; Jane Gumble, state housing director; HUD's Mary Lou Crane; Chelsea City Manager Guy Santagate; state Rep. Eugene O'Flaherty; and Peter Shaw, president and CEO of Chelsea-Provident Co-operative Bank and a member of the board of directors of the MHP Fund.

Sponsors of the redevelopment are Boston Citywide Land Trust and Chelsea's Commission on Hispanic Affairs. The two organizations combined efforts to take advantage of BCLT's expertise in housing development and the commission's track record in community organizing. The gut rehab will help stabilize two troubled neighborhoods in Chelsea. The MHP provided a first mortgage loan of \$300,000.

(l-r) Chelsea's Daniel Viggiani; Peter Shaw, MHP board member; and MHP Executive Director Clark Ziegler.

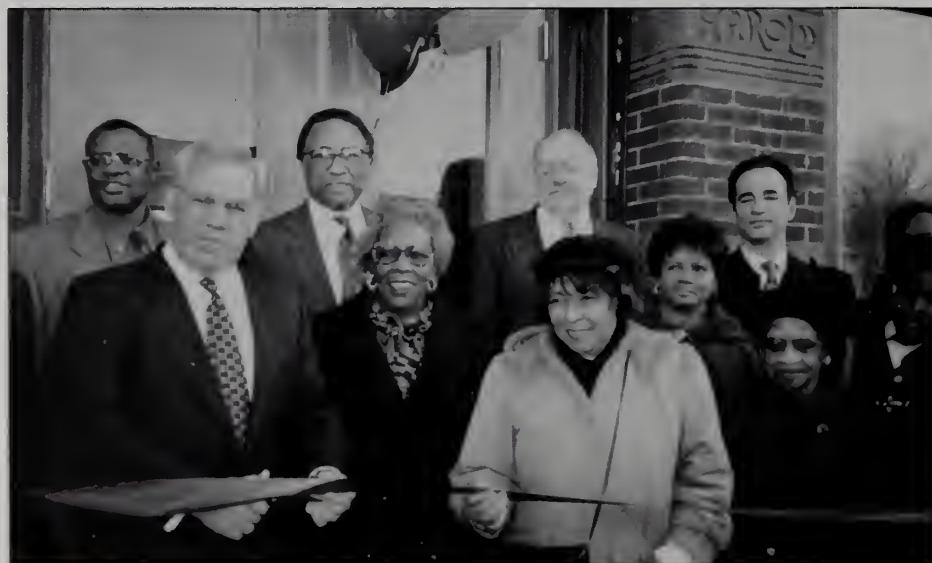
REVITALIZATION AT WORK

Since it was founded in 1983, the mission of the Quincy-Geneva Housing

CHICOPEE OCCUPATION

Thirty-three units of affordable rental housing are back on the tax rolls in Chicopee with the completion of Cabotville Commons. Mayor Richard Kos welcomed neighborhood residents and state and local officials to a ceremony marking the occasion on Feb. 6.

The financing package includes a first mortgage loan of \$332,266 from the MHP Fund. The Valley Opportunity Council is behind the redevelopment. A community-based nonprofit, VOC is providing responsible management after a series of neglectful landlords.



Development Corp. has been to eliminate urban blight in targeted Dorchester and Roxbury neighborhoods. On the morning of Jan. 27, the community development corporation celebrated a significant victory in fulfilling that mission with the grand opening of the Savin-Creston Apartments at 19-21 Creston Street and 2 Savin Street in Roxbury. The two properties were vacant and in serious disrepair before the HDC acquired them. The gut rehab will provide 26 new apartments at affordable rents. An MHP permanent loan of \$413,125, state HOME funds, and federal tax credits are part of the financing package.

Boston Mayor Thomas Menino cuts the ribbon. MHP Fund Chairman Vincent McCarthy watches from the back (2nd from right).

NOTHING TO KID ABOUT

Is there a connection between inadequate housing and children's health? A new report out of Boston Medical Center shows a definite link that unsafe housing is seriously compromising kids' health in the U.S. Much higher incidences of asthma, respiratory disease, lead poisoning, malnutrition, and injury are just some of the ailments cited in the study. It estimates that nearly 18,000 children with asthma are hospitalized every year because of complications from mold, cockroaches, and rats.

Characterizing the situation as a "catastrophe," the report makes a number of recommendations for improving the quality of housing stock and improving low-income families' access to decent housing as a means of protecting the public health.

Call the Boston Medical Center at 617/534-2229 for a copy of the report.

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We are pleased to welcome **Wayne Johnson** as the newest member of the MHP

Fund Loan Committee. Wayne is a vice president at **Fleet Bank**...The MHP Fund is working with the **Mortgage Lending Committee** of the **Massachusetts Community and Banking Council** to track performance of the **Soft Second Loan Program**. The soft second program qualifies low- and moderate-income first-time homebuyers for affordable mortgages...**Rep. William Delahunt** was the keynote speaker at a regional housing conference in Plymouth on March 30. The half-day session also featured a panel of affordable housing lenders including **Mark Curtiss**, MHP's director of lending. The meeting was co-sponsored by the **South Shore Housing Development Corp.** and **CHAPA** (Citizens' Housing and Planning Association)...The **Joint Center for Housing Studies** at Harvard University has a new executive director. **Nicolas Retsinas** comes to Cambridge after five years in Washington as assistant secretary of housing at the federal **Department of Housing and Urban Development**. Retsinas replaces **William Apgar**. Apgar is heading to HUD as assistant secretary for policy, development and research...The **Dorchester Bay Economic Development Corp.** held its 18th annual meeting on March 31. The event celebrated the EDC's redevelopment of more than 500 housing units since it was founded in 1979. Among the winners of the organization's Distinguished Service Awards was **Rep. Charlotte Golar**

NEWS CLIPS

Richie of Dorchester, co-chair of the Legislature's **Housing and Urban Development Committee**.

Congratulations!...MHP Fund staff notes: The newest addition to the staff of the MHP Fund is **Brigid McCarthy Ryan**. Brigid most recently worked as a vice president for the California Community Reinvestment Corp., a loan consortium funded by 47 California banks. But many of Brigid's 14 years in lending have been with banks in Boston including

Shawmut and Homeowners Federal Savings Bank...**Alice Wong** has a new title. She's been promoted to deputy director of lending. Alice joined the MHP Fund in 1996 as a senior loan officer...**Heather Hennessey** has also been promoted. Formally an administrative assistant for portfolio management, Heather is now the operations assistant for MHP's homeownership programs...Our new portfolio analyst is **Alexander Aguilar** of Hyde Park. Alex's experience includes two years as development director with the Millers River Community Development Corp. in Athol...Several MHP staff members have moved on to other significant housing-related positions. **Sheila Dillon** is now the housing director at Boston's Department of Neighborhood Development...**Liz Haughey** has moved home to California and is now with the San Francisco-based Low Income Housing Fund...And **Christoph Gabler** has joined Fleet Bank as a portfolio manager with the commercial real estate group.



PARTNERSHIP PROFILE



(l-r) Richard Abuza, Mayor Mary Ford, Margaret Keller, and Jack Hornor stand in front of the Northampton Housing Partnership's latest rehab project.

available to address them. "A sad reality on both a state and federal level is that housing has not been a major priority," notes Richard Abuza, chairman of the partnership and a local landlord. "And housing is something that's a cornerstone of our outlook on life here."

A small city of 30,000 residents, Northampton is located in the heart of the Pioneer Valley in Hampshire County in Western Massachusetts. A community surrounded by an abundance of natural resources, buildable land isn't one of them. "So one of the critical things the partnership can do is to preserve our existing housing stock," says Abuza.

Currently, the partnership is concentrating its efforts on preserving the affordable rents at Hampton Gardens, a 207-unit complex where 80 percent of the apartments are federally subsidized. Known as an "expiring use" project, the owner originally planned to prepay his HUD mortgage, allowing him to raise

rents. But after talks with Northampton Mayor Mary Ford, the landlord agreed to stick with the federal program for another year while the partnership explores other financing options. The mayor's leadership on the issue is nothing new. "Even when she was a city councilor, she made housing a priority," Abuza says. "And while I don't always agree with all of her policies, I respect so much her dedication and commitment to providing housing as a central core of what government must offer."

While it wrestles with expiring use, the partnership is also meeting one-on-one with local developers to discuss possible incentives so they'll include affordable homes in their smaller subdivisions. "The scale of our community and the fact that we do collaborate is a good formula for success," says Margaret Keller, the city's housing program coordinator who staffs the partnership. "We can actually tackle things because we're pro-active. We are 30,000 people and we talk to each other."



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NETWORK

THE NEWSLETTER OF THE MASSACHUSETTS HOUSING PARTNERSHIP FUND



SMALL VICTORIES

By Clark Ziegler, Executive Director

For years, housing and community leaders in Massachusetts have complained that rental housing programs don't do much to help preserve and rehabilitate smaller properties. The financing process is too complicated and it takes too long. Federal subsidies for housing development, like HOME and low-income tax credits, result in the production of high quality housing but at a cost many times greater than the market value of the completed apartments.

This is an important debate. What many people don't realize is that small properties are perhaps more important in Massachusetts than in any other state. *Four out of five* renters in Massachusetts live in buildings of 20 units or less -- buildings that make up the fabric of most urban neighborhoods -- yet federal and state housing development programs have historically favored larger-scale developments.

Now, with some help from the MHP Fund, that picture is starting to change. In 1996, we renewed our commitment to finance smaller rental properties and revamped our review

and approval process to back up that commitment. The results have been extraordinary. Last year, we approved 39 permanent loans for multifamily properties in amounts less than \$1 million -- an 86 percent increase from 1996. In most cases, we made a final loan commitment within six or seven weeks from initial application.

Last winter we went one step further. Using a grant from BankBoston, we launched the Perm Plus demonstration program in cooperation with a number of cities including Boston, Lawrence, Lowell, Salem, and Worcester. This program combines a limited subsidy -- in the form of a zero percent, deferred payment loan of up to \$20,000 per apartment -- with the MHP Fund's long-term, fixed-rate financing.

The demonstration had two objectives. First, to make it easier for responsible owners -- both for-profit and nonprofit -- to acquire rental properties at a good price, get them into decent shape, and keep rents affordable for the long term. And second, to reduce the costs of publicly

The MHP Fund's targeted neighborhood reinvestment has produced hundreds of units of quality affordable housing.

assisted housing development and bring them more in line with the private real estate market.

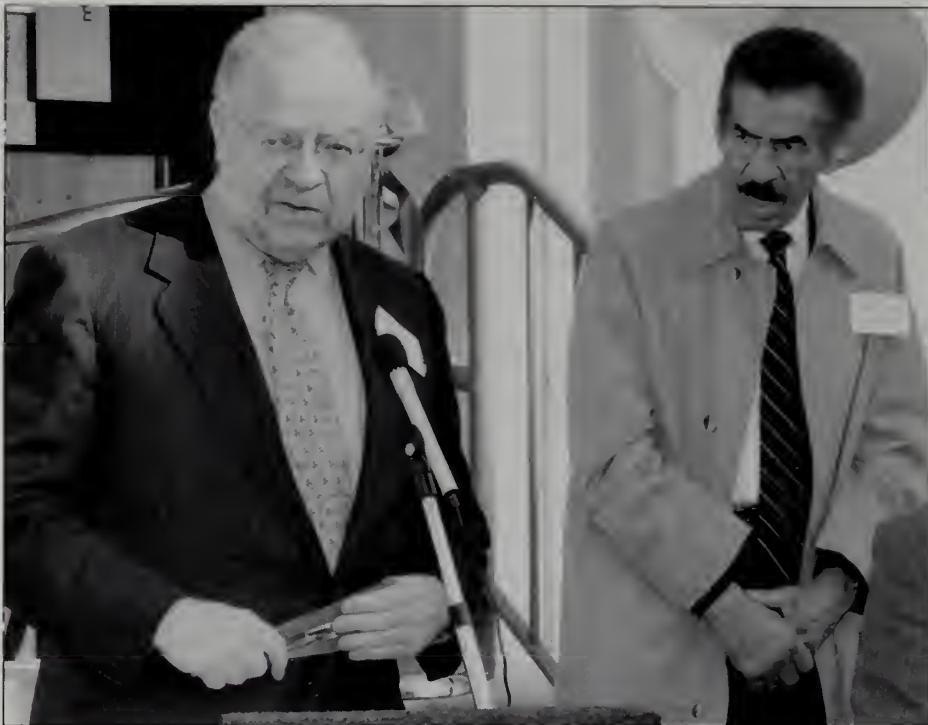
Perm Plus has been a great success on both fronts. We've simplified the application process and joined forces with Boston and other cities to allow just one underwriting review and one closing. The approval process typically takes just a few weeks and some projects have closed within two months of their initial application. Development costs per apartment have been approximately half as much as conventional subsidy programs, and soft costs (such as fees for lenders, lawyers, architects, and consultants) have been reduced by 85 percent. We are hoping to make the program permanent in 1998.

There will always be a need for larger-scale public investments in our housing stock, and the MHP Fund is proud to have financed projects across the Commonwealth that are helping to turn around entire neighborhoods. But the smaller properties -- and the smaller battles -- are sometimes equally important.



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MHP Fund Chairman Vincent P. McCarthy was one of many speakers to take part in the Maple Commons ribbon-cutting in November. Listening in is John Cruz Sr., founder of Cruz Development Corp., the private developer of the project.

ROXBURY REINVESTMENT

"A pleasure" is how private developer Daniel Cruz describes his first experience borrowing from the MHP Fund. At a ceremony to mark the official opening of Maple Commons, a scattered site rehabilitation project in two Roxbury neighborhoods, Cruz told neighborhood residents and city and state officials that "I'd like to do each and every project with the MHP Fund." The Nov. 20 ribbon-cutting came just seven months after the gut rehab of 41 apartments in three boarded-up buildings got underway. MHP Fund Chairman Vincent P. McCarthy praised Cruz for taking on the redevelopment project, noting that "the heart and soul of our communities is here in the neighborhoods." Cruz Development Corp. is one of Boston's largest minority-owned real estate firms. The funding package included MHP permanent financing of \$469,471.

SUCCEEDING WITH SOFT SECOND

Sometimes owning your first home can be a pretty scary experience. When you least expect it -- and may not be able to afford it -- a pipe bursts, the furnace quits, your tenant won't pay the rent. Now families in Boston who purchased their homes with an affordable "soft second" loan have a place to turn. The Massachusetts Affordable Housing Alliance (MAHA), in conjunction with the Massachusetts Housing Partnership Fund, participating lenders, and the Metropolitan Boston Housing Partnership, has established the HomeSafe Resource Center. It offers preventive services to low- and moderate-income soft second families to reduce the risk of default and foreclosure. Call MAHA at 617/822-9100 for more information.

AWARDING EXCELLENCE

1997 ended on a positive note for the directors and staff of the MHP Fund thanks to the Massachusetts Association of Community Development Corporations (MACDC). At its annual meeting Dec. 9, MACDC presented the



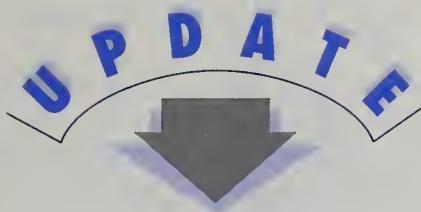
MHP Fund with its Excellence in Community Development Award. MHP was recognized for helping CDCs meet their goal of revitalizing low-income and working-class communities across Massachusetts. The evening concluded with the presentation of the first annual Ricanne A. Hadrian Community Development Award. The two winners were Stacey Chacker of East Boston's Neighborhood of Affordable Housing and Sothea Chiemruom of Lowell's Coalition for a Better Acre. The award is in memory of Ricanne Hadrian, the much-respected deputy director of the MACDC, who died of cancer in 1996.

Executive Director Clark Ziegler accepts the award presented to the MHP Fund by Richard Thal, MACDC member and executive director of the J.P. Neighborhood Development Corp.



15 FISHER ROAD, EDGARTOWN

The Dukes County Regional Housing Authority has obtained MHP financing of up to \$300,000 to purchase eight affordable apartments in Edgartown. The housing authority acquired the financially distressed duplexes on Martha's Vineyard from the Federal Deposit Insurance Corp. Six units have been renovated; the Department of Housing and Community Development's Rehab Initiative will pay for bringing the remaining two apartments on line. Exterior work on each of the four buildings is also scheduled.



1997 proved to be another busy year for MHP Fund loan officers. Lending was brisk with the MHP Fund approving 44 permanent loans totaling \$31.6 million to support the rehabilitation of more than 1,650 units in 18 communities throughout Massachusetts. In this issue of Network Update, housing projects located across the Commonwealth in Edgartown, Lawrence, and Roxbury are featured.



1855 WASHINGTON ST., ROXBURY

Permanent financing from the MHP Fund will be used to redevelop the 276-unit Mandela Apartments. Located in two lower Roxbury neighborhoods, the 10-building complex is being redeveloped by a partnership owned jointly by Beacon Residential Properties and the Mandela Residents Cooperative Association. The tenants group was formed to ensure that residents have a role in the rehabilitation of their housing as well as long-term control of the properties. An MHP 20-year first mortgage loan of \$5,484,000 and public resources including a block grant and tax credits are financing the project.



356-358 HAVERHILL ST., LAWRENCE

The Robert Frost House near downtown Lawrence is getting a new lease on life. A newly formed community development corporation, the Lawrence-Methuen Enterprise Partnership, plans the substantial rehabilitation of the three-story wood frame building as part of the Department of Housing and Community Development's Neighborhood Restora-

tion Initiative. The MHP Fund is providing permanent financing. The house where poet Robert Frost lived in his youth is in the strategic Orange-Wheeler neighborhood, an area targeted for revitalization by the city and DHCD.

SERVING COMMUNITIES

Massachusetts cities and towns got a lot of help from the MHP Fund over the last year. Technical assistance was provided to 60 communities and 22 awards totaling \$172,000 were approved in 1997.

A wide range of projects received funding. In Eastham, the Lower Cape Cod Community Development Corp. is using First Look technical assistance to determine the feasibility of acquiring four scattered site

properties. The project will provide the Cape with increased year-round affordable housing units.

In the central part of the state, up to \$3,000 has been earmarked to help Worcester Community Housing Resources begin the revitalization of the Elm Park/Crown Hill neighborhood. Once completed, the ongoing rehabilitation project will produce 13 affordable rental and homeownership opportunities.

Further west in Hampshire County, the Hilltown Community Development Corp. has received assistance for its Haydenville project in the town of Williamsburg. Up to \$1,500 has been awarded to pay for appraisals and cost estimates of purchasing two three-family buildings for use as affordable housing in the Williamsburg neighborhood of Haydenville.

Q: Are housing issues getting enough attention?

A: We really need to get housing higher on the state agenda because there really is not a good, strong housing policy in this state right now. And I don't know how we do that. We can make some headway this year by fighting for the housing bond bill and for the recapitalization of the Mass. Housing Partnership.

Q: Why do you think housing isn't a priority in the Commonwealth?

A: Some housing issues that were controversial were raised during the late '80s -- and rightly so -- like the misuse of the Chapter 707 (rent subsidy) Program. Because of the battle that ensued over that program, I think it left some people battle-scarred and weary of trying to raise these issues again. And you don't hear about some of these issues to the extent you should when the economy is growing, we're no longer in a deep recession, and we're experiencing relatively good economic times.

Q: Do you consider yourself an advocate for affordable housing?

A: I do. I think we need to improve our stock of affordable housing and we need to expand it. But, I also know that housing is like any other issue right now -- that we can't just advocate for the way things have been done in the past. There have to be some real changes in certain programs. We have to try some different ways of doing things in order to advocate for policies and programs that will really catch hold in the future. We have to do things creatively so people will say that that's not just public housing as usual or that's not just plunking down housing as usual -- that's a different way of looking at it.



John D. O'Brien first got his feet wet in local politics as a member of the Andover Housing Partnership. Then he was appointed chairman of the Andover Planning Board. That was back in the '80s. Today, the 37-year-old O'Brien is serving his third term as state Senator, his first elective office. He represents the communities of Andover, Dracut, Lawrence, and Tewksbury in the Second Essex and Middlesex District. A graduate of Brown University and Suffolk University Law School, he was named Senate chair of the Joint Committee on Housing and Urban Development in January 1997 by Senate President Thomas Birmingham. Recently, Network spent some time with Sen. O'Brien.



Q: How would you describe your co-chair of the housing committee, Rep. Charlotte Golar Richie?

A: She's wonderful and very knowledgeable. It's comforting to watch Charlotte because there are some true dilemmas we've faced. For instance, we've had to grapple with the expiring use bill and the housing bond bill. These are not easy issues even for a person with strong housing expertise. As co-chairs we complement each other; there's a nice balance there of trying to figure out some of these issues and then advocating for them in the State House. We're also fortunate to have a good staff on the housing committee.

Q: Do community-based groups have a big impact?

A: Yes. Look at some of the things a small neighborhood group is trying to do in and around the Malden Mills redevelopment in Lawrence. Before the spotlight goes out on Malden Mills, we need to use this opportunity to do a mix of homeownership and rental in a very poor neighborhood that lies both in Lawrence and Methuen. You have people who work at Malden Mills or some of the other companies who could qualify for homeownership. We have a new community development corporation that's done a tremendous job doing an inventory of tax title land in the Arlington neighborhood. And with the new mayor in Lawrence -- Patricia Dowling -- and a great mayor in Methuen -- Dennis DiZoglio -- there's really an opportunity there to combine some new housing -- rental and ownership -- and the city would welcome that. There are a variety of pieces to the puzzle.

Q: What are some of the other pieces of the puzzle?

A: I would like to work more with entities like the Massachusetts Housing Partnership. I think the future of quality affordable housing lies not just in modernizing public housing but doing some different creative things in the private sector with agencies like the MHP Fund. We don't need to reinvent the wheel, but we do need to try to do some innovative things in different parts of the state. If the HUD Committee can be helpful in that way, then I think we can elevate the issue of housing on the agenda.

Q: Do you enjoy the political arena?

A: I do. I feel there are things -- win, lose or draw -- I can point to and say, 'Hey, I had a part in that.' That's enjoyable.

NEIGHBORHOOD INVESTMENT

The first Friday in October turned out to be the perfect day to break ground for the Quadrangle Court Apartments on Byers Street in Springfield. The gut rehab of two buildings into 33 apartments is happening because of the tireless efforts of the Armoury Quadrangle Civic Association.

The organization of concerned residents and property owners was able to convince local and state funders that the renovation was critical in order to stem the tide of disinvestment. "Working in partnership with neighborhood organizations to solve neighborhood problems is the best approach," said Executive Director Peter Gagliardi of the Hampden Hampshire Housing Partnership, the nonprofit developer of the project. MHP permanent financing of \$375,000 is part of the funding package.

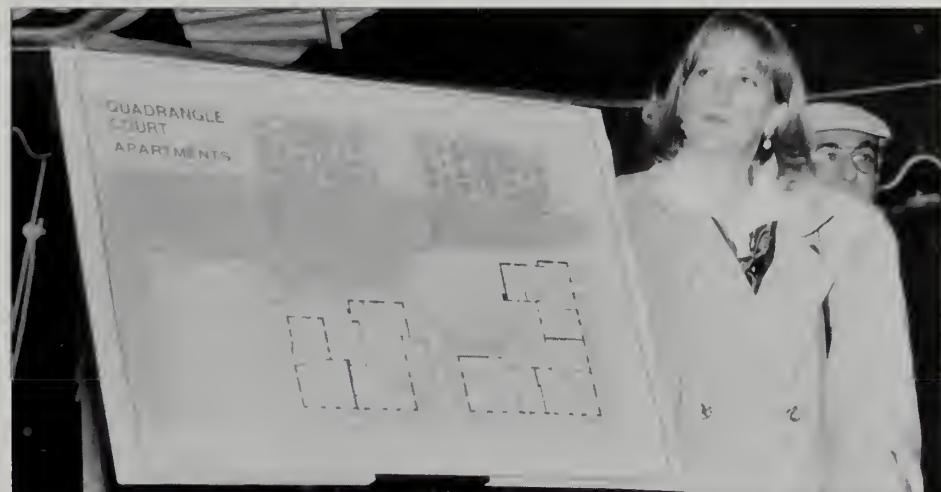
Over the last several years, a total of \$4.3 million in long-term financing for 332 rental units has been provided by the MHP Fund as part of a major effort to restore private investment to the neighborhood located near downtown Springfield.

SOMERVILLE HOUSING

The four-story building that's going up on Kent Street in Somerville will provide safe and supportive housing for at-risk women and their children. A kick-off for the 40-unit development was held at the site on Oct. 21. "This is a community, not just a place to put a building," noted Mayor Michael Capuano. "This project has the interests of the neighborhood at heart; it will bring kids and families in who will be part of this neighborhood." Funding includes MHP permanent financing of \$600,000, city and state HOME funds, and federal tax credits.



Somerville Mayor Michael Capuano and Community Builders' Lisa Alberghini listen as MHP Fund Deputy Director Judith Jacobson makes a point.



Jane Gumble, director of the Department of Housing and Community Development, lends an ear as plans for Quadrangle Court are unveiled. Behind her is Peter Gagliardi of the Hampden Hampshire Housing Partnership.

EAST TAUNTON RIBBON-CUTTING

It didn't take long for the South Shore Housing Development Corp. to fully

lease up the new townhouses at Carpenter's Glen. An open house was



held at the East Taunton site on Dec. 12 to celebrate the completion of the 32-unit affordable development. SSHDC, a non-profit housing organization, took on the project and reconfigured it after a local bank foreclosed on the previous owner. The MHP Fund provided a first mortgage loan of \$875,000. "This permanent financing from MHP," said SSHDC Executive Director Steve Dubuque, "means a liability for the city has been transformed into a well-designed, well-planned, mixed-income community."

(l-r) Alma Balonon-Rosen, MHP loan officer; Rockland Trust's Peter Macaulay; state Sen. Marc Pacheco; Ray Morrison, SSHDC board president; and SSHDC's Steve Dubuque.

WORCESTER NETWORKING

The MHP Fund was one of 51 organizations to show its stuff at the New England Partnership Expo at the Centrum Centre in Worcester on Nov. 19. In between visiting exhibits, participants attended workshops on innovative community development strategies and building partnerships. Sponsored by the Federal Home Loan Bank of Boston, nearly 500 people attended the conference.

Rita Farrell, MHP's community outreach director, talks housing issues with the FDIC's Tom Stokes.



As Bill Moore cuts the ribbon, looking on are (l-r) Caritas' Mark Winkeller; MHP Chairman Vincent P. McCarthy; Director Jane Gumble, Department of Housing and Community Development; former Everett Mayor John McCarthy; state Rep. Edward Connolly; and Anthony Guerriero, state Sen. Thomas Birmingham's office.

LODGING IN EVERETT

There's already a waiting list for the 29 single rooms at the Bill Moore House in Everett Square. A ribbon-cutting to celebrate the official opening of the renovated lodging house was held on Sept. 18. The rehab was done by Caritas Communities, a nonprofit housing organization that develops and manages affordable housing for the working poor. The building at 76 Norwood Street is named in honor of one of its founding members. An MHP first mortgage loan of \$216,000 helped finance the rehab. Three years ago, Caritas refinanced five properties in Dorchester and Quincy with \$1.15 million from the MHP Fund.

A SOLID LANDING

There's a happy ending to the four-year struggle by 314 tenants at Boston Road Mobile Home Park in Springfield to buy the land under their homes. With the help of \$3.6 million in MHP permanent financing, the residents purchased the 33-acre site in the Pine Point neighborhood. Previously, tenants -- who own their individual units -- paid "pad" rents to an absentee owner. "This means we will never again live under the threat of the park being sold," Diane Legere, president of the tenants association, said at an Oct. 28 celebration. Owning the park will allow the association to maintain affordable rents.



Diane Legere, president of the Boston Road Mobile Home Park Tenants Association.

MHP MARK OF DISTINCTION

The arrival of the new year brings with it a new look for the Massachusetts Housing Partnership Fund.



We've updated our logo to better reflect the MHP Fund's mission to not only provide financing and technical assistance, but to help stabilize neighborhoods and strengthen communities.

Many thanks to illustrator Marina Thompson and designer Steve Logowitz for all their work on the project.

Network is the newsletter of the Massachusetts Housing Partnership Fund, a public agency created in 1985 and financed by the banking industry to fund affordable housing and neighborhood development in communities throughout the Commonwealth.

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A. Paul Cellucci, Governor

Jane W. Gumble, Director
Department of Housing & Community Development

Vincent P. McCarthy, Chairman

Clark L. Ziegler, Executive Director

Diane Butler, Editor

NEWS CLIPS

Seven Massachusetts cities have been awarded grants totaling more than \$5.3 million from the U.S.

Department of Housing and Urban Development to delead homes and to educate the public about the dangers of lead paint. The awards will benefit **Boston, Brockton, Chelsea, Fall River, Lawrence, New Bedford, and Springfield**...The executive director of **South Shore Housing Development Corp.** has been appointed to the

Affordable Housing Advisory Council of the Federal Home Loan Bank of Boston. **Steve Dubuque** is serving a three-year term...**Bob Gere** of Dracut has been elected president of the **Merrimack Valley Housing Partnership** board of directors. Bob is a mortgage originator with Assurance Mortgage Corp. of Burlington...The **Hanover Affordable Housing Partnership** has a new member.

Eleanor Kimball was appointed by the Board of Selectmen this fall...**Diana Carls** has been appointed to represent the Planning Board on the **Wayland Local Housing Partnership Committee**. Her term expires in June...The newest member of the **Lynn Housing Partnership** is **Bill Brauner**. He's a nonprofit developer of affordable housing...MHP Fund staff notes: Senior loan officer **Alma Balonon-Rosen** was out of the office for three days in September doing

something most of us would never dream of doing.

Alma and husband **Mitch** biked 275 miles from Boston to New York to raise funds for AIDS charities. "It was fantastic yet grueling, exhausting yet satisfying," was how Mitch summed up the experience. They were among 3,200 bikers to take part in the third annual **Ride for AIDS**. Nice going, Alma!...Portfolio Manager **Linda Hill** did a nice job organizing a tour for **Bruce Ostrom** and **Wayne Robertson** of projects funded under MHP's loan agreement with **Mellon Bank**. The two bank officers were visiting from Pittsburgh a few months ago...**Aileen Thompson** of Dorchester has joined the MHP Fund as a portfolio manager. Aileen's experience includes eight years in asset management at the Massachusetts Housing Finance Agency...**Cam Tewksbury** is our new administrative/legal assistant. A recent UMass graduate, Cam worked as a paralegal in a private Boston law office for a year before joining the MHP Fund...Our new staff accountant is **Gregory Sullivan**. Greg was most recently with Thomson & Thomson of Quincy. He's a graduate of Loyola College in Baltimore...Charlestown High School junior **Samba Jigba** is interning at the MHP Fund. He comes to us through the **Boston Private Industry Council**...Welcome to all!



Alma and Mitch



Bob Gere



PARTNERSHIP PROFILE



(l-r) Clark Ziegler, Carole Spear, Eva Boyce, Mary Ann McGinnis, Sandra Davidson, Judy Jacobson, Ben Fernandez, Mark Curtiss, Liz Haughey, Tom Beard, David Rockwell, Alice Wong, Christopher Gabler, Tawana Anderson, Heather Hennessey, Susan Galligan, Bret Riley, Linda Hill, Sue DeMaggio, Sheila Dillon, Diane Butler, and Cassie Arnaud.

Happy New Year! All of us at the Massachusetts Housing Partnership Fund wish all of you a happy and prosperous 1998.

As many of you know, the new year -- our 13th -- is shaping up to be a critical one for the MHP Fund. We need your support in securing new capital to leverage hundreds of millions of dollars in private bank financing to sustain our work well into the 21st century.

Give your legislators a call and let them know how important financing from the Massachusetts Housing Partnership Fund has been to your community. Or give us a call at 617/338-7868 for more information.

We appreciate your support.



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1999

THE NEWSLETTER OF THE MASSACHUSETTS HOUSING PARTNERSHIP FUND

AUG 20 1999

University of Massachusetts
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THE PRICE OF SUCCESS

By Clark L. Ziegler, Executive Director

Affordable housing is an issue that affects everyone in the Commonwealth, not just those living in poverty. Housing costs and the availability of housing are the foundation of our local economy because they largely determine where people live and where they work.

A recent CHAPA/UMass study shows that despite a robust state economy, new housing production has dropped 35 percent since the 1980s. Multifamily construction has dropped by 70 percent over the same period despite strong demand for affordable housing. Another recent report by MassINC found that Massachusetts lost nearly a quarter-million workers from its labor force since 1990 – many of

“Classic responses to the affordable housing problem are simply inadequate.”

them young and college-educated – and experienced the slowest growth in labor force of any region in the U.S. The most significant factor explaining these losses was the high cost of housing in the state.

The classic responses are simply inadequate. The problem can't be solved with more money for existing housing programs because they're geared toward refinancing and rehabilitation – not new construction. Easing restrictions on private housing development will not solve the problem because there is little developable land, communities jealously guard their zoning powers, and growth is a major concern to voters. And using regulation to force private owners to charge lower rents is politically and legally untenable.

So what role should government,

business, and community leaders play to keep housing costs from threatening the state's economic growth?

Share responsibility. The Legislature made it clear in the Anti-Snob Zoning Act of 1969 that every city and town shares responsibility for providing affordable housing. The “comprehensive permit” process, which allows affordable housing to override local zoning, has proven it can deliver high-quality housing in the suburbs while respecting local concerns. Diversified suburban housing stock should be a top state priority.

Keep what we've got. Thousands of renters in Massachusetts are at risk of large rent increases if landlords prepay their low-interest mortgages or relinquish their federal subsidies. It is typically far cheaper to negotiate with owners to preserve these low rents – through acquisition or refinancing – than to build replacement housing. The state and private sector should team up to preserve this housing in every situation where it makes economic sense to do so.

Think small. Developers often propose rental housing at a larger scale or density than needed because of the costs and delays of getting state approvals and overcoming neighborhood opposition. With simplified financing and a less confrontational local approval process, there's no reason we can't construct affordable housing on a smaller scale.

Harness the market. Large new affordable housing developments often become lightning rods for neighborhood opposition. Many cities and towns have adopted inclusionary zoning by-laws requiring a percentage of all major

developments be affordable over the long term for sale or rent to low- and moderate-income families. Every community should have such a requirement.

Buy local. The Soft Second Loan Program is one of the few state housing initiatives that makes homeownership possible for young, lower-paid workers who might otherwise leave Massachusetts. This year the Legislature has a great opportunity to expand state funding for the program to take advantage of low interest rates and hundreds of millions of dollars in new commitments from participating banks.

Remember the little guy. Landlords with 10 units or less own most of the state's rental housing. Many have paid off their original mortgages and charge rents less than the market will bear. Newer owners typically carry higher debt and must charge the highest rent possible. We should explore financial incentives for longtime owners to continue keeping rents affordable and – as MHP has done very successfully – provide attractive financing to new owners who agree to keep rents reasonable for the long term.



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Haverhill right on track

Q: What prompted the MassINC study?

A: The study was intended to take an initial in-depth look behind the scenes of the Massachusetts economy – a hard look at why, in such a high wage state, so many lower- and middle-income families feel like they are falling behind.

Q: What does the study tell us?

A: The data shows that despite higher incomes, many workers in Massachusetts aren't getting ahead because it costs so much to live here. From 1980-1997, housing prices in the state increased a whopping 234% – the biggest jump among all 50 states. We now have the 3rd highest housing prices in the nation and homeownership rates in Massachusetts are below the national average. A lot of hard-working families are being left behind when it comes to achieving the American Dream. That's ironic because we are currently enjoying full employment in Massachusetts as well as some of the highest average worker wages in the U.S. The economy is booming. But behind that prosperity is a pervasive feeling of anxiety – especially among lower-middle and lower-income earners – in the midst of our economic success.

Q: Do high housing costs spell trouble?

A: What the report found is disturbing. Many knowledge-based and high tech companies are based in Massachusetts precisely because we have the educated workforce needed to fill their jobs. We have the luxury of a large college-educated labor pool because so many institutions of higher learning are located here. But our study shows that the outflow of educated younger people to other areas of the country is increasing, in significant part because it costs so much to buy or rent a house here. What happens 10 years or even five years down the road to our economy if we suffer a serious labor shortage?



Believe it or not, all is not well with the Massachusetts economy. Despite record-low unemployment and record-high homebuying, educated workers are leaving the state in record numbers. Why? A recent study by MassINC blames the high cost of housing in the Bay State as a major cause of the so-called "brain drain." MassINC – the Massachusetts Institute for a New Commonwealth – describes itself as "an independent, nonpartisan think tank" that analyzes the issues of the day and promotes policies to improve the lives of Massachusetts residents. The organization is also publisher of CommonWealth magazine. Gloria Cordes Larson is co-chair of MassINC's board of directors. Formerly Governor Weld's

Secretary of Economic Affairs, today she practices law at Foley, Hoag and Eliot. Network spoke with her about the MassINC findings and why there's cause for concern.

Q: Do the findings apply statewide?

A: Different parts of the state have somewhat different wage and cost structures. We have to take a closer look at how best to tailor economic development and housing solutions to different parts of the Commonwealth. With Governor Paul Cellucci hailing from Hudson, and Jane Swift of North Adams as the new Lieutenant Governor,

I think that's already happening. And, of course, Jane Gumble (state Department of Housing and Community Development Director) is very engaged in finding solutions to housing problems across the state and across income levels.

Q: What's the solution?

A: There's no quick fix. It was a surprise to find that Massachusetts boasts the 4th highest level of income and yet to learn that this advantage is wiped away by our high housing costs and disproportionately higher tax burden. One obvious answer is to lower our state personal income tax, as the Governor has proposed, so that working families have more money to pay for housing and other necessities. Creative mortgage programs and housing tax credits and deductions may be another way to go.

Q: Is anyone listening?

A: I think so. There's some valuable new information in the MassINC report and that's gotten the attention of the press and state and local elective leadership. What we need next is an informed discussion among local and state policymakers, from both the public and private sectors, aimed at finding the right answers. That includes MHP. Opinion leaders need to take a hard look at both high cost of living and labor crunch issues and answers.

Q: What's next?

A: What we didn't want to do is produce a report that simply identified the problem and then sat on the shelf and gathered dust. Fortunately, that is not going to happen. Cardinal Law has called – very publicly, I might add – on MassINC, with corporate sponsorship from Fleet and MassDevelopment among others, to study the issues further and identify some prescriptive relief for housing costs at both the lower and middle portions of the income spectrum.

LENDING IN NEW BEDFORD

MHP permanent financing is helping preserve housing with an interesting history in Weld Square in New Bedford. The neighborhood has been targeted by the city for revitalization. The private developer, Hall Keen LLC, is undertaking the substantial rehabilitation of 12 units in six duplexes at Austin Court and Pleasant Street, adjacent to the 78-unit Wamsutta Apartments. The housing was constructed in the mid-1800s for the immigrant population that worked in the nearby Wamsutta Mills. Weld Square is one of several areas MHP board of directors learned about at a meeting and neighborhood tour in New Bedford and Fall River in December.



(l-r) Andrew Burnes, Hall Keen; City Councilor George Smith; Housing and Neighborhood Development Director Patrick Sullivan; MHP's David Rockwell; and Mayor Frederick Kalisz Jr.



(l-r) Medford Bank's Paula McNabb; Peter Garbati, North Suburban Consortium; Lauren DiLorenzo Popp, Medford Community Development Director; MHP Fund Chairman Vincent McCarthy; HUD's Morella Lombardi; Rep. Anthony Giglio; Mayor Michael McGlynn; City Councilor Paul Donato; and Caritas Executive Director Mark Winkeller.

HOME OWNERSHIP IN ROXBURY

What better place to hold an Easter egg hunt than in a neighborhood of new homes? That's what followed the official opening of the Brook Avenue Cooperative in Roxbury on April 3. Part of the Dudley Street Neighborhood Initiative, the newly constructed co-ops are now home to 36 veterans and their families. In addition to state, city, and private financing, MHP provided a \$700,000 permanent loan.



(l-r) Exec. Dir. Ernest Branch, Veterans Benefits Clearinghouse Development Corp.; Mayor Thomas Menino; Rev. Eugene Rivers; Senator Dianne Wilkerson; and MHP Deputy Director Judith Jacobson.

A DIFFERENT KIND OF MHP RESOURCE

Part of MHP's mission is to finance the rehabilitation of small properties that form the backbone of our urban neighborhoods. Because these projects are often the most difficult to finance, we are constantly looking for ways to reduce costs. Closing small loans in-house is one of the cost-effective services we provide.

MHP Assistant General Counsel Ben Fernandez outlines the process below. To learn more, call Ben at 617/338-7868.



One of the many valuable services the MHP Fund provides is the ability to handle small loan closings in-house for a flat fee. To date, approximately 35 permanent loans have been closed in-house for flat fees of between \$2,000 and \$3,000. Over the last two years, the MHP Fund has closed more than \$11.2 million in permanent financing using our in-house closing services.

At the same time, MHP has also used in-house counsel to close 0% deferred payment loans provided under the MHP Fund's new Perm Plus financing program. In the case of Hidden Assets loans, which are Perm Plus loans matched by the City of Boston, the MHP Fund and the city's Department of Neighborhood Development have been able to combine their respective loan documents and closing agendas to dramatically increase the efficiency of these closings. Regardless of loan size, the fee for closing this additional financing is only \$500.

More recently, MHP in-house counsel has developed a mechanism for financing post-closing renovation work through a holdback reserve, thereby eliminating the time and expense involved in obtaining a separate construction loan. For projects where separate construction financing is necessary, we now provide Perm

Plus construction loans. All of the documentation for these new programs has been developed by in-house counsel to keep legal costs down. And MHP Fund counsel is now able to close these construction loans in-house for a fee of \$2,000, regardless of loan size.

MHP has also streamlined the development process through its handling of predevelopment loans. These are loans of up to \$50,000 that are often used to cover the costs of development activities prior to construction loan closing. To make these loan closings more efficient, MHP has significantly reduced the number of required "due diligence" items and reduced the legal documentation. In fact, the promissory note, loan agreement, and mortgage forms are now no more than two pages each. And the price is right because there is no legal fee for MHP in-house predevelopment loan closings.

SHERBORN UPDATE

Residents of Leland Farms can plan on moving in before the end of the year. That's the word from Sherborn Town Administrator Robert Reed who says construction of the 15-unit condominium community is right on schedule. A lottery is planned for sometime in June to determine which income-eligible families get a chance to purchase the affordable homes. In a suburb where the median price of a house is \$458,000, Leland Farms features two- and three-bedroom condos that will sell for \$89,000 and \$94,000 respectively. It's the town's first affordable home-ownership project.

Eleven-year-old Emily Jacobson wields a shovel at the official groundbreaking for Leland Farms in Sherborn. Emily's mother is Judith Jacobson, MHP's deputy director. Public support for the project includes a predevelopment loan of \$54,000 from the MHP Fund.



A LEADERSHIP CHANGE

Boston's Department of Neighborhood Development has a new boss. Charlotte



Golar Richie resigned her seat in the House to become the city's housing and economic development director in the Menino cabinet. A Dorchester Democrat, Golar Richie served as

House chair of the Housing and Urban Development Committee. A proponent of affordable housing, she was a key sponsor of the 1998 housing bond bill.

CORRECTIONS/UPDATES

In our last issue, we failed to mention Lawrence Savings Bank as the construction lender on the Water/Holt project. Lawrence Savings is one of the many small community banks that do an excellent job providing construction financing for MHP projects.

Also, our apologies to Emily Meyers of MASS-ALFA. She was misidentified in our winter newsletter.

Network is the newsletter of the Massachusetts Housing Partnership Fund, a public agency created in 1985 and financed by the banking industry to fund affordable housing and neighborhood development in communities throughout the Commonwealth.

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A. Paul Cellucci, Governor

Jane W. Gumble, Director
Department of Housing & Community Development

Vincent P. McCarthy, Chairman

Clark L. Ziegler, Executive Director

Diane Butler, Editor



Congratulations to **GrandFamilies House** for winning a **Tax Credit Excellence Award**. On May 11 in Washington, D.C., a \$5,000 cash award was presented to project sponsors **BAC-YOU** and the **Women's Institute for Housing and Economic Development**. A second MHP-funded project, the **Brook Ave. Cooperative** in Roxbury, received an honorable mention...A \$200,000 federal grant has been awarded the **New England Shelter for Homeless Veterans**. The funds will be used to set up a post-detox stabilization



program...Congratulations are in order for **Richard Walker III**, a former MHP regional director. Richard has been appointed vice president and community affairs officer of the Public and Community Affairs Department of the **Federal Reserve Bank of Boston**...**James Haskell** is the new chairman of the **Massachusetts Association of Community Development Corps**. Jim is executive director of the **Salem Harbor CDC**...**Martin Nee** has resigned as head of the **South Boston Neighborhood Development Corp**. Marty's now a HUD community builder...**Charleen Regan** has left **CEDAC** after many years. Charleen is now consulting on a number of topics including a major statewide study on disposition of tax delinquent property...And best of luck to **Chuck Grigsby**, formerly Boston's housing chief. Chuck is now working at Mass. Capital Resources Corp. on a new insurance community reinvestment initiative...MHP Fund staff notes: Our lending team has two new loan officers. They are **Klara Grape** and

Wendy Hanna Cohen. Klara most recently worked for the **Institute for Community Economics**, an MHP financing partner in Springfield. She earned her master's degree from New Hampshire College. Klara is the first loan officer to work out of our Amherst office. Wendy is back with us in Boston, an office she's pretty familiar with since she worked here a few years ago as an assistant loan officer. Wendy returned to the MHP Fund after earning her master's degree in public policy at Harvard's Kennedy School of Government...In our finance department, **Dave Oteri** has taken over as the new MHP controller. Dave's a CPA with 10 years of accounting experience...Assisting Dave in finance is **Gulshan Chaudhry**. A native of Pakistan, Gulshan is the MHP's new staff accountant. She holds a master's in business administration... On the lending side, MHP has hired two new portfolio analysts. They are **Karriem Muhammad** and **Cynthia Mohammed**. Karriem completed an internship at the New Boston Fund shortly before joining the MHP Fund; Cynthia most recently worked at Price Waterhouse Coopers LLP. She's a graduate of Brown...**Rachel Fouché** is our newest administrative assistant. A graduate of Tufts, Rachel is an active member of the board of directors of the **Somerville Community Corp.**, a nonprofit housing provider and MHP borrower...**Deborah Clarke** is the new operations assistant for the Soft Second Loan Program. Debbie earned a community planning degree from UMass Boston. She's an active board member of the **Women's Institute for Housing and Economic Development**. Welcome, everyone!

PARTNERSHIP PROFILE

Pick up any newspaper these days and there's a pretty good chance you'll find a story about how unaffordable it is to live in Massachusetts. Housing costs have soared and finding a single-family home or a decent apartment at a price working people can afford can be a real challenge – if not an impossibility.

In Haverhill, Mayor James Rurak is facing the problem head-on. "We need to make more units for those who work and need a decent place to live," the mayor noted in his State of the City address earlier this year.

To realize his goal, Mayor Rurak revived the Haverhill Housing Partnership and appointed 10 new members. The mayor's next step was to contact MHP to pull in technical and financial resources.

Ann Houston, MHP's director of community partnerships, has been working closely with the group. "I've been impressed with the commitment and hard work of the partnership members," says Houston. "As



Mayor James Rurak and members of the Haverhill Housing Partnership.

an active chair of the group, Mayor Rurak has advocated a comprehensive approach to meeting housing needs that takes into consideration the housing stock, the impact of city regulations, and the availability of support services."

Four subcommittees have formed and are busy implementing the partnership's mission. A study jointly funded by the MHP Fund and the City of Haverhill has been commissioned to

look at needs and resources; subdivision zoning is being evaluated; and a development committee is already reviewing the feasibility of two housing proposals.

The Haverhill Housing Partnership is back in business.



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THE NEWSLETTER OF THE MASSACHUSETTS HOUSING PARTNERSHIP FUND

SEP 18 1999

HOME OWNERSHIP IS NOT ENOUGH

By Clark L. Ziegler, Executive Director

In recent years programs to encourage first-time homebuyers have been promoted as the salvation of inner-city neighborhoods and as the centerpiece of national housing policy. It's true that increased homeownership helps stabilize distressed neighborhoods. But it is dead wrong to make homeownership the sole focus of the public's attention on housing.

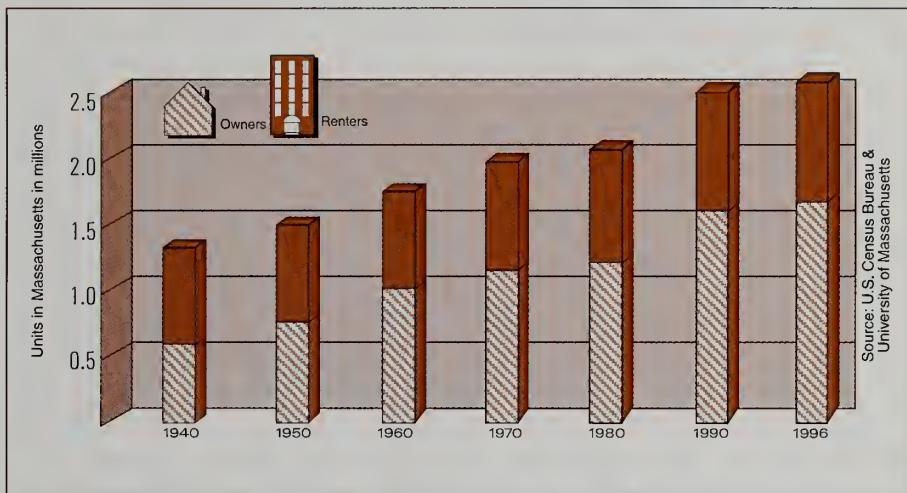
In Massachusetts, nearly a *million* dwelling units are rented, representing well over a third of our housing stock. And most of the stereotypes are simply not true; slum conditions are the exception not the rule and most rental units are in small properties not large-scale developments.

Contrary to popular belief, rental housing is not in decline. There are more apartments for rent now than at the end of World War II. It's just that while our rental stock has grown, the number of owner-occupied homes has grown faster – more than tripling during that same period and reflecting the explosive growth of our suburbs.

To the great credit of the banking industry, community leaders, and institutions such as Fannie Mae, there have never been more opportunities in Massachusetts for renters with moderate incomes and decent credit history to purchase their own homes. Yet many renters don't have sufficient income or financial stability to become homeowners and many others need the flexibility of renting instead of owning.

So what should we be doing differently? First, we need to recognize that hundreds of thousands of renters are not currently on a path to homeownership. So adequate credit must be

University of Massachusetts
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available to keep our rental housing well maintained and in responsible hands. State and local officials should be outraged that small rental properties – representing \$15 billion or more in assets in Massachusetts and the majority of our rental housing stock – continue to be starved for credit from conventional lenders. MHP has helped fill this void by financing the rehabilitation of thousands of apartments in every major city in the Commonwealth. But we will never be successful in restoring urban neighborhoods to their full vitality until privately owned rental properties are viewed as part of the economic mainstream.

Second, those of us in positions of public leadership need to do some soul-searching about how far we're willing to go to turn renters into homeowners. Anyone familiar with community development knows how "easy credit" can destroy neighborhoods by encouraging speculation and by fostering the neglect and abandonment of properties when homeowners get into more debt than they can afford. MHP's own initiative – the Soft Second Loan Program – has increased homeownership responsibly

by requiring 5 percent down payments and keeping maximum debt-to-income ratios no higher than conventional mortgage programs. As a result we've helped nearly 4,000 low- and moderate-income people become homeowners while achieving delinquency and foreclosure rates well below national averages.

When the future of our communities is at stake, we should continue to look for the right answers instead of settling for the easy answers.



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PERM PLUS MADE PERMANENT

The success of MHP's Perm Plus program has earned the statewide initiative \$10 million in fresh capital. The funding was announced at a news conference on Oct. 27 following an 18-month demonstration program funded by MHP, BankBoston, the Menino Administration, and four other Massachusetts cities. Perm Plus combines MHP's below-market financing with a 0% deferred loan, and a rapid approval process gives private owners and non-

profits the ability to move quickly to buy and fix up properties at reasonable cost. In return, owners agree to keep up to 50 percent of the units affordable. The program is called Hidden Assets in Boston. The Andrew Square Apartments – a 9-unit building bought and moderately rehabbed by the South Boston Neighborhood Development Corp. using the Perm Plus/Hidden Assets program – provided the background for the announcement.



(l-r) Longtime tenants Harry and Ellie Jenner; BankBoston's Ira Jackson; Mayor Thomas Menino; MHP Chairman Vincent McCarthy; and Director Jane Gumble, Department of Housing & Community Development. Speakers were presented with framed pictures of various aerial shots of South Boston.

MODERATE REHAB WORKS IN LAWRENCE

Apartments on the Merrimack River that once housed migrant workers are sporting a new look thanks to the rehabilitation of 323-325 Water Street and 1-17 Holt Street in Lawrence. The 22-unit renovation has helped stabilize the neighborhood and given a much-needed

facelift to a major gateway. On Sept. 15, community leaders and city, state, and federal officials gathered to celebrate the project's completion. Financing included an MHP first mortgage loan of \$269,500 and a \$198,000 Perm Plus grant made possible by BankBoston.



(l-r) MHP Director Vincent Manzi, Esq.; Lawrence Mayor Patricia Dowling; MHP Ex. Dir. Clark Ziegler; and Mary Greendale and Andy Nelson, Department of Housing and Community Development.



Richard Thal has something to say at a rally for the housing bond bill in Jamaica Plain. Thal is executive director of the Jamaica Plain Neighborhood Development Corp. and a member of the MHP Fund's Loan Committee.

BOND BILL GETS A THUMBS UP

Supporters of affordable housing won't soon forget July 30. That's the date the Massachusetts Legislature approved a \$296 million housing bond bill. After signing the bill into law, Gov. Cellucci wasted no time in committing more than \$47 million to help pay for modernization of the state's public housing stock. The funds will also be used to preserve existing affordable apartments and produce new ones. Another \$2 million was targeted to the recapitalization of the MHP Fund.

A key sponsor of the bill was Rep. Charlotte Golar Richie, House chair of the Housing and Urban Development Committee. "The Legislature," she told *Banker & Tradesman*, "recognizes the state's duty to help its people meet a basic human need...a safe, clean, decent place to live." The passage of the multimillion dollar bond bill follows a five-year drought on new state funding initiatives for low- and moderate-income housing in the Commonwealth.



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173 MECHANIC STREET, LEOMINSTER

The Leominster Development Corp. used MHP financing to complete its first rental project. Incorporated in December 1995, the LDC is the nonprofit affiliate of the Leominster Housing Authority. MHP permanent financing of \$315,000 combined with the city's HOME funds and state housing stabilization funds paid for the purchase and rehabilitation of three properties near downtown. Commercial space at the above address is home to the bicycle division of the Police Department.



There's continued strong demand for MHP financing as we head into 1999. Our lending team has been out in the field meeting with potential borrowers who are interested in securing below-market permanent financing from the MHP Fund. And with our expanding portfolio, we're beefing up MHP's portfolio department to keep track of it all. In this issue of Network Update, we feature projects in Dorchester, Leominster, and Taunton.

28 WILDER STREET, DORCHESTER

Tax credits, city HOME funds, state housing stabilization dollars, and an MHP first mortgage loan of \$966,000 are helping to finance the substantial rehabilitation of five attached apartment buildings on Wilder Street in Dorchester. Seventy existing units will be converted into 61 apartments to accommodate larger families in the



68 BROADWAY, TAUNTON

Karl and Lettie Bouldoukian first approached the MHP Fund this past spring when they were considering refinancing their housing portfolio. With the approval of a \$1.1 million first mortgage loan from MHP, the husband and wife team is now refinancing 109 units in five lodging houses and one mixed-use building in Plymouth County. The scattered site properties are located in Bridgewater, Quincy, Rockland, Taunton, and Whitman. The Bouldoukian's share business responsibilities: he and his on-site managers maintain the properties; she rents the units and keeps the books.

Grove Hall neighborhood. This is the sixth tax credit project taken on by the Dorchester Bay Economic Development Corp., a respected CDC with 18 years of experience developing affordable housing.

CAPITAL NEWS

The Legislature came through with \$2.5 million in new capital for the MHP Fund before adjourning in late July: \$500,000 in the supplemental budget and \$2 million in the housing bond bill.

While this funding did not take care of our entire \$10 million one-time capital need, it is sufficient to leverage another \$62.5 million in

bank financing and it will allow our work to continue for another year. Many thanks to the hundreds of you who helped spread the word about the MHP Fund to your legislators and to the members of the House and Senate leadership who made this funding possible.

Our recapitalization was also good news to a sister state agency. The

Community Economic Development Assistance Corp. (CEDAC) shut down its MHP-supported predevelopment loan fund last spring when MHP was forced to temporarily withdraw funds. Now that capital monies for MHP have been secured, we're pleased to say that both CEDAC and the nonprofit housing developers it supports are back in business.

Q: What was it like pulling this project together?

A: It was difficult. Nobody teaches you how to do it so it was a learning process. We knew development – we just hadn't done it with so many different agencies involved. Part of our money was from HOME funds; we got going with Housing Stabilization Funds from the Department of Housing and Community Development. Then we went looking for a private bank only to realize that we could have done much better with MHP. Had we known that at the beginning we would have started with MHP. The next time we do this it will be far simpler and more streamlined – and we'll know what every agency expects.

Q: How did you get started?

A: We formed a nonprofit, had it approved as a 501(c)(3), and got it up and running. Then we went out to bid and we had a very difficult time finding any contractors interested in doing the actual work.

Q: What's the demand for affordable housing in Leominster?

A: It's tremendous because our economy is so good and businesses are looking for people to work. But there's no affordable housing so where do they live? Leominster is at the crossroads of I-190 and Rte. 2. So all of a sudden we're not so far from Boston. Obviously, the cost of housing is less expensive here than in Boston although the pay scale is less. There are a lot of manufacturing jobs here since our primary industry is plastics. The job market is expanding but the amount of housing has not expanded enough. The amount of housing is limited and it's filled right up.



It's been said that developing affordable housing in the Commonwealth can be a roller coaster of a ride. The learning curve is formidable; simply mastering the long list of acronyms of funding sources takes some doing. Just ask Gene Cappoccia, executive director of the Leominster Housing Authority. In 1995, Gene and his board of directors took on the challenge of addressing Leominster's limited supply of affordable housing by creating a nonprofit development entity. Three years later, three newly renovated properties near downtown are providing quality homes for eight low-income families. The LHA's Cappoccia says there are jobs aplenty in the city known as the plastics capital of the world – but warns that without more affordable housing the boom could go bust. Network spoke to Gene recently in his Leominster office.



Q: Has the redevelopment of Ft. Devens had any impact?

A: We happen to be the closest town to Devens and it's brought in jobs. If you're in the manufacturing sector you're probably coming to Leominster. It's supply and demand and that means rents are going up and folks are having to pay more and more of their weekly income toward rent.

Q: Why rehabilitation instead of new construction?

A: The properties were in such bad shape it almost would have been easier to find a new site and start over. Doing the rehab can sometimes actually be more costly in terms of the construction but you can deliver the product faster. With new construction, it's very difficult to deal with zoning and siting issues. Having gone through the permitting side of it, I know it's difficult.

Q: Any other benefits of rehab vs. new construction?

A: Yes. You can deliver the product to the family who needs it a whole lot faster and you can do it without the stigma attached to the family. One of the apartments we renovated is a five-bedroom so we were able to help a large family. In fact, we rented the big apartment to a family that, if we hadn't come along, they don't know where they would be now. They're just thrilled. So, if I were to choose, I'd continue to do rehab.

Q: What makes Leominster a desirable place to call home?

A: It's sort of a unique city. If Leominster ever had a negative image, it's rapidly changing. The city offers a great quality of life with its suburban and urban flavors, the school system is improving rapidly, and Leominster is not an unreasonable distance from Boston.

Q: Will there be a return engagement?

A: Maybe next year we'll do it again. But the hard part is finding properties because the economy is so good. And our board members are still a little leery. First time out you're kind of writing the book. But they're happy they did it and they're proud of what they did. But I think even they know that, cooperatively, we can do an even better job next time.

AFFORDABLE ASSISTED LIVING

A full house greeted panelists at a forum on Sept. 11 focused on the affordability of assisted living housing. The workshop was held at Fleet Bank in downtown Boston.

The numbers show that Massachusetts already has some 5,000 units in place with dozens more coming on line each year. That's the good news. The bad news is that many low- to moderate-income elders who need this specialized, service-enriched housing simply can't afford it.

Participants at the half-day session were given an overview of the assisted living industry, learned about new

approaches to creating assisted living developments, and considered case studies of successful affordable projects; key state policies and resources were also reviewed. Panelist Mark Curtiss, director of lending for the MHP Fund, spoke about some of the assisted living projects that MHP has helped finance across the state and how to access that funding.

The forum was co-sponsored by Citizens' Housing and Planning Association and the Massachusetts Assisted Living Facilities Association. Call the MHP Fund at 617/338-7868 for more information about financing.



MHP Lending Director Mark Curtiss with (l-r) Judith Sklare, Mass. Development Finance Agency, and Nancy Andersen, Mass. Housing Finance Agency.

SPIT AND POLISH

There's a lot going on at 17 Court Street in downtown Boston. The New England Shelter for Homeless Veterans is now offering clients dental services in its brand new on-site clinic. Next up is the completion of a much-needed kitchen expansion and dining room reconfiguration financed by a successful fundraising campaign. Four years ago the shelter substantially rehabilitated floors 5-8 into 59 single rooms for formerly homeless veterans. An MHP first mortgage loan of \$1.5 million helped finance that project.



MHP's Linda Hill gets a firsthand look at expansion plans at the New England Shelter for Homeless Veterans in Boston. On her left is Frank Ardagna, the shelter's finance director.

DEVELOPMENT 101

Local housing authorities across Massachusetts are discovering new ways to develop affordable housing in a climate of limited resources. With help from the MHP Fund, a number of LHAs have set up nonprofit corporations to get the job done. Workshops on how to establish a 501(c)(3) have kept MHP's community assistance staff busy over the last several months. At a conference on public housing in Boston over the summer, MHP's Rita Farrell served on a panel exploring ways that innovative public agencies like LHAs can produce additional affordable units by establishing affiliated corporations.



Paula Wayman (l), executive director of the Webster Housing Authority, and MHP's Rita Farrell.

GRANDFAMILIES OPENS

A house unlike any other house officially opened its doors on Oct. 1 in Dorchester.

What was once a defunct nursing home at 214 Harvard Street off Blue Hill Avenue is now housing grandparents who are raising their grandchildren. Project sponsors say it's the first housing of its kind in the country – but won't be the last. Along with a safe, clean apartment, 26 "grandfamilies" will also be offered a variety of targeted social services. The MHP Fund provided \$450,000 in permanent financing.



Carrie Parker is a grandmother who knows a lot about the need for suitable housing for "grandfamilies." She's raising her five grandchildren. She spoke at the Oct. 1 opening celebration.

MAKING THE GRADE

Does the MHP Fund do a good job when it comes to servicing its customers? Over the summer, we asked that question and a lot of others in our first ever comprehensive survey of MHP borrowers, their consultants and property managers.

Overall, the results showed that our for-profit and nonprofit borrowers are quite satisfied with their relationship with the MHP Fund and with the loan

programs we offer. MHP's lending team got high marks for responsiveness and professionalism; community outreach staff were lauded for their expertise in the initial review of projects.

One experienced developer described MHP's lending process as "so startlingly good...when there is so much in our industry that is so startlingly bad." Add to that the intelligence and positive attitude of MHP loan officers, he said,

and the MHP Fund has developed a "recipe for good service."

Not surprisingly, borrowers noted our competitive, below-market interest rate as the number one reason for doing business with the MHP Fund. Most of the problems that were identified related to MHP's closing process. A number of specific suggestions for improvements were made and many have already been implemented.

SETTING A NEW STANDARD

Friends, legislators, supporters, colleagues, and co-workers of the MHP Fund converged on the Old South Meeting House in Boston on the evening of Oct. 7. The occasion was to cele-

brate a significant milestone: in the six years it's been making multifamily loans, the MHP Fund has now exceeded \$125 million in lending. "When we began multifamily lending in 1992,"

commented MHP Fund Chairman Vincent P. McCarthy, "we were told that rehabilitation of small rental properties would never be cost-effective, even though these properties are the fabric of most urban neighborhoods. Now," he noted, "we've successfully provided financing for the rehab of nearly 6,000 apartments in more than 400 properties in every metropolitan area in the Commonwealth of Massachusetts."



(l-r) BankBoston's Thomas Kennedy, Department of Housing and Community Development Director Jane Gumble, and MHP Fund Chairman Vincent McCarthy smile for the camera.

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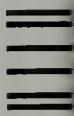
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PRESS "1" FOR A HUMAN BEING

Over the summer we modified our telephone system to make it easier to reach the MHP Fund.

Our main number – 617/338-7868 – is still answered by our receptionist during business hours. But we added a new number – 617/338-7878 – which bypasses the receptionist and lets you dial an extension directly.

As other organizations become more and more impersonal, it's very important to us that callers to the MHP Fund are always able to reach a "live" person immediately. At the same time, many callers simply want to be connected quickly to the appropriate extension. We hope the new system helps us be more responsive.

MHP manuals on how to establish a nonprofit corporation to develop private housing are still available. Give us a call to order a copy for \$7.50.

Network is the newsletter of the Massachusetts Housing Partnership Fund, a public agency created in 1985 and financed by the banking industry to fund affordable housing and neighborhood development in communities throughout the Commonwealth.

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A. Paul Cellucci, Governor

Jane W. Gumble, Director
Department of Housing & Community Development

Vincent P. McCarthy, Chairman

Clark L. Ziegler, Executive Director

Diane Butler, Editor

NEWS CLIPS



We extend our best wishes to **Harriett Lebow** who has stepped down as executive director of Worcester's **Oak Hill Community Development Corp.** after 10 years. Much has been accomplished during her tenure to revitalize the Union Hill, Oak Hill, and Upsala neighborhoods in Worcester. Her successor is **Jim Cruickshank**.

Most recently Jim was with a CDC in Bridgeport, Conn...A number of towns are looking for volunteers to serve on local affordable housing boards.

Ashland, Bedford, and Millis all have partnership vacancies. Call the appropriate town hall for more information...MHP Fund staff notes: A baby boomlet hit the MHP over the summer. On Aug. 6, **Alice Wong** gave birth to son **William Neubauer**. Will is Alice and husband Carl's first child. On Sept. 3, **Aileen Thompson** delivered her fourth son, **Evan Nicholas Allen-Thompson**. And on Sept. 14, **Scott MacIntyre** and his wife **Sue** welcomed their first child, **Cameron Thomas**. Alice is deputy director of lending, Aileen is a portfolio manager, and Scott is our information systems coordinator. Congrats!...On the personnel front, we're pleased to welcome **Ann Houston** to the newly created position of director of community partnerships. Ann's 17 years in housing and community development in Massachusetts includes stints as director of development at Codman Square Neighborhood Development Corp. in Dorchester and director of

housing programs for Valley Opportunity Council in Chicopee. Currently, Ann is vice president of **CHAPA** (Citizens' Housing and Planning Association)...**Arthur Allen** has taken over as senior portfolio manager. He has 24 years of experience in real estate asset management and workouts...Our new chief financial officer is **Steve Dansby**. A CPA and certified cash manager, Steve's experience includes 10 years as director of administration and finance at the Massachusetts Health and Educational Facilities Authority...

Geoff MacAdie is the MHP's newest portfolio manager. Geoff has more than 15 year's experience in real estate and affordable housing in Massachusetts and Maine...**Derryl Dion** of Worcester is our new loan administrator. He comes to us from Fleet Bank. Derryl replaces **Heather Hennessey** who has been promoted to coordinator of the Soft Second Loan Program...It was tough to say goodbye in August to **Alma Balonon-Rosen**. Alma and her family have moved to Rochester, New York, where husband **Mitch** is returning to graduate school. A senior loan officer, Alma had been with MHP for five years. She was an integral part of our lending team and was a major contributor to the growth of MHP's loan portfolio. She will certainly be missed.



PARTNERSHIP PROFILE

When Watchen Barker tells you that housing is her passion, she's not kidding. As chair of the Dorchester Housing Action Team (DHAT), she and a handful of committed volunteers have grappled with some of the toughest housing issues facing Dorchester's Bowdoin-Geneva neighborhood.

The group can measure its success by the seven new modular homes going up on what were once vacant, littered lots, and by the number of abandoned 2- and 3-deckers that have been rehabbed, new owners replacing absentee landlords. "We're a grassroots group that just wanted the place fixed up," Watchen explains. "I'm proud to see the neighborhood turning around." She says a lot of thanks goes to Mayor Menino and the city for investing more than \$3 million in rehab and new construction. "And what's happened is private owners have started fixing up their homes so the whole neighborhood has changed for the better."

DHAT was formed four years ago after the city's Bowdoin/Geneva Partnership Initiative expired. Charlotte Golar Richie, then a candidate for the 5th Suffolk District, was instrumental in the reorganization. "Rep. Richie got me involved because housing was a

major campaign issue," recalls Watchen, a longtime housing professional now with Fleet Bank. Rep. Richie says recruiting Watchen just made sense. "She's a crusader when it comes to housing development." In addition to residents, DHAT members include private developers, Dorchester Bay Economic Development Corp., and Boston's Department of Neighborhood Development. MHP's *Neighborhoods First* initiative provided the early support that allowed DHAT to hire a project manager. "Without MHP, we couldn't have gotten started," she says. Today,

the organization is using another MHP initiative – the Soft Second Loan Program – to qualify first-time homebuyers for the new modular houses.

What's next for DHAT? Watchen says increasing membership is a must. "The more people we can get involved the more they'll understand that things happen in the community when you have grassroots participation." That's why she's not surprised by DHAT's track record. "The group is comprised of people who are really determined to make a change. That's why we call ourselves an action team."



Breaking ground for the first of seven modular homes are (l-r) Jeanne Dubois, Dorchester Bay Economic Development Corp.; Charles Grigsby, Boston's Department of Neighborhood Development; Mary Soo Hoo, Asian Community Development Corp.; Mayor Thomas Menino; DHAT's Watchen Barker; Rep. Charlotte Golar Richie; and local developer Gene Black.



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DEPOSITORY COLLECTION**Will "Smart Growth" Drive Up Housing Costs in Massachusetts?***By Clark L. Ziegler, Executive Director*

Federal and state political leaders are jumping on the "smart growth" bandwagon—and for some good reasons. Who can be against concentrating development in the places best served by infrastructure (such as water, sewers and transportation) or in favor of losing open space to sprawling subdivisions?

But the theory and practice of smart growth are quite different. We all know that Massachusetts has some of the highest housing costs in the nation and that these costs are threatening to weaken the state's economy. The only way to meet our housing needs while reducing sprawl is to encourage housing development that is more concentrated and more affordable. Yet most communities in Massachusetts are doing just the opposite: using "smart growth" rhetoric to justify restrictive development policies that drive up the cost of housing.

A major study published last fall by housing experts from the Urban Institute, Fannie Mae, and the University of Southern California warned that "an affordable housing crisis will result" if, under the guise of smart growth, communities halt development in outlying areas without giving a green light to additional development in built-up areas.

In Massachusetts, the evidence suggests that a crisis is already occurring. Only 28 towns in Massachusetts approved multifamily developments of five or more units during the last two years. Less than half of these towns were within Interstate 495.

That means that 9 out of 10 towns did not approve a single multifamily development—at a time when affordable housing of this type is desperately needed and is often the most environmentally sound. Almost 90 percent of the housing development now taking place in Massachusetts is single family homes. Towns are using zoning and environmental regulation to require more land per home—not less—and the cost of new housing is out of reach for most people.

Does this mean that Massachusetts should abandon its pursuit of smart growth? Absolutely not. It means that we should take the principles of smart growth more seriously and make affordable housing a central part of the discussion. A few suggestions:

- Give cities and towns the right tools including explicit authority to adopt inclusionary zoning rules that require a percentage of all new developments to be affordable to lower-income families. 118 cities and towns in Massachusetts have already taken a first step by creating zoning incentives for affordable housing. Without state enabling legislation, however, these efforts will have only limited effectiveness.
- Change the playing field so that towns are clearly authorized to mandate "smart" housing in clustered, mixed-income developments instead of the subdivisions of large-lot, single-family homes that are now allowed under state law as a matter of right. The state's

current zoning act and subdivision control law virtually guarantee the kinds of development that we don't want.

- Hold cities and towns accountable for adopting land use regulations that are reasonable and that promote affordable housing. Towns should have incentives to do the right thing – such as increased local aid. There should also be serious consequences when towns deliberately engage in exclusionary "snob" zoning.

For the past 30 years we have relied on the state's Anti-Snob Zoning Act — which allows subsidized housing projects to override local zoning — to ensure a sufficient supply of affordable housing in the suburbs. While that law remains important, it addresses only a small part of the problem. If we are serious about maintaining a healthy business climate in Massachusetts, then we need more affordable housing. Period. The smart growth movement may eventually become part of the solution — but at the moment it seems to be part of the problem.



In August, the Legislature appropriated \$4 million to recapitalize the Massachusetts Housing Partnership Fund, which will sustain our loan programs for several years. Many thanks are due to the people who made this possible, including Governor Paul Cellucci, who requested the funds on our behalf, and House Speaker Thomas Finneran and Senate President Thomas Birmingham, who ensured that funds were included in the supplemental budget approved by the Legislature.

Our greatest thanks, of course, go to the hundreds of community and business leaders — from mayors and bank presidents to grassroots community activists — who called, wrote or met with their legislators to stress the need for this appropriation and the importance of MHP's work.

MHP is a unique institution. We are the only public agency in the U.S. that uses mandatory lines of credit from the banking industry to provide long-term loans for affordable housing and neighborhood development. We have used that resource effectively to finance the construction or rehabilitation of more than 7,000 affordable rental units across Massachusetts — mostly in smaller properties and mostly in inner-city neighborhoods. With your continued support we will be even more effective and achieve an even greater impact in the years ahead.

They're Getting Help

Improving Family Families

This fall Governor Cellucci announced a \$200,000 technical assistance program at MHP that will help cities and towns respond constructively to proposed developments using the state's comprehensive permit statute, Chapter 40B. The program is designed to assist communities in responding to development proposals. Assistance will be provided by MHP staff and by qualified experts throughout the Commonwealth.

MHP will be working closely with the Department of Housing and Community Development to develop and implement this new technical assistance program. If you are interested in learning more about the program, call Matt Engel at 617-338-7878 ext. 292.

Back on the Roll: A Report on Strategies for Returning Tax Title Property to Productive Use

Delinquent taxes are one of the first signs of decline in a community, and the properties that fall idle under the tax title system can be held up for years. A new report commissioned by Citizens' Housing and Planning Association

(CHAPA), Boston Local Initiatives Support Corporation (LISC) and MHP promotes strategies for returning tax delinquent properties to productive use, particularly for affordable housing.



Back on the Roll examines the complicated system through which properties are taken, held and released, and highlights best practices to provide communities with additional tools so they can work efficiently in the current system.

For a copy of this report, available after January 31st, call CHAPA at 617-742-0820. The report is \$15 for CHAPA members, \$25 for non-members.

Getting Started: Building Local Housing Partnerships

This guidebook is designed both to explain how to organize an effective local housing partnership and to maximize the role one can play locally. The guide provides a framework for evaluating housing proposals and contains sample mission statements, bylaws and action plans for new groups.

A full list of MHP publications is available upon request. Check our website at www.mhpfund.com, or call Matt Engel at 617-338-7878, ext. 292.

Citizens and Fleet Announce Agreements

MHP is pleased to announce major new agreements with Fleet and Citizens banks resulting from Fleet's recent acquisition of BankBoston and Citizens' acquisition of UTrust. Both Fleet and Citizens have agreed to do substantially more than provide credit to MHP as required by Massachusetts banking law as a condition of state approval of these acquisitions.

Fleet has reached a voluntary agreement to convert nearly half of the \$249 million loan obligation to MHP resulting from the BankBoston acquisition into a \$12 million grant to support new housing initiatives. In addition, Fleet has agreed to make \$25 million of its remaining loan obligation to MHP available at reduced interest rates and with a free rate interest rate lock for nonprofit development projects. Together these commitments represent the largest infusion of capital in MHP's history.

Citizens Bank has also reached a voluntary agreement not just to convert its recent loan obligation to MHP into a grant, but also to convert the outstanding loan obligations to MHP that it assumed from UTrust. Together this will result in a grant of approximately \$2.5 million. Citizens has also agreed to make \$5 million of its remaining loan obligation to MHP available for nonprofits at reduced rates and with a free rate lock.

After these agreements are in place, MHP's programs will be supported by nearly a half-billion dollars in long-term bank financing at below-market interest rates and by grants and grant commitments in excess of \$24 million. Other major funders include Mellon, PNC Bank New England, and Family Bank.



OAK GROVE AVENUE, SPRINGFIELD

Forty-two properties in two neighborhoods just north of downtown Springfield have a new look – inside and out. The rehabilitation and refinance of the 102 units in the Upper Hill and Bay neighborhoods was funded with federal low-income housing tax credits and financing from the state Department of Housing and Community Development. MHP provided permanent financing of \$800,000. Project co-sponsors are Better Homes for Springfield and Springfield Neighborhood Housing Services.

UPDATE



DENNIS COMMONS, DENNIS

MHP marks the end of 1999 having financed over \$170 million in below-market-rate loans for affordable housing across the Commonwealth. In places like Springfield, Cambridge and Dennis, MHP is financing projects that will allow thousands of people to have new homes in the new year.

MHP is also diversifying the types of projects we do. We were recently approved by HUD as a lender under the Section 236 program. Pondview Apartments in Boston, shown below, and Pine Homes in Brockton are the first projects of this type financed by MHP.

New townhouse construction on Rte. 28 in Dennis will help alleviate the shortage of affordable quality housing on the Cape. Five buildings with 32 units are being built on eight acres. Financing includes state and local HOME funds along with \$740,000 in permanent financing from MHP. The Cape Cod Affordable Housing Loan Consortium is providing the construction loan. Realty Resources Chartered is the private developer. Dennis Commons will be 100% affordable.

AUBURN COURT II, CAMBRIDGE



MHP permanent financing of \$5.3 million will help fund the construction of 60 additional units of new rental housing in Cambridge by Homeowner's Rehab, Inc. The mixed-income project is Phase II of Auburn Court, the largest development of affordable housing built in the city in more than 20 years. Auburn Court I is a 77-unit project at University Park in Cambridgeport near Central Square that was completed in 1996. MHP provided \$3.5 million in bridge financing for Auburn Court I, where 46 of the 77 apartments are rented below market rate to low- and moderate-income families; Phase II of Auburn Court includes 45 affordable units. Additional funding was provided by the City of Cambridge and the state Department of Housing and Community Development.

Pondview is a great example of a strong tenants' group influencing the fate of their housing. This building has been operated as affordable housing since 1974, with rents subsidized by the U.S. Department of Housing and Urban Development (HUD). When the owners decided to sell the property, they could have pre-paid their subsidized mortgage and charged much higher rents. In fact, many offers came in over the bid presented by Jamaica Plain Neighborhood Development Corporation (JPNDC). Fortunately, the owners chose JPNDC; they didn't want to displace tenants, and JPNDC had a good relationship with the tenants. JPNDC plans to renovate and maintain the property as affordable housing in perpetuity. MHP provided permanent financing of \$3.1 million. Additional financing will be provided by the City of Boston, the state Department of Housing and Community Development, the Massachusetts Housing Investment Corporation and HUD. Special thanks are due to U.S. Senator John Kerry for his help in expediting the approval process with HUD.

PONDVIEW APARTMENTS, JAMAICA PLAIN



When did you get started in housing issues?

In 1983, Fair Share and other groups put a non-binding referendum on the ballot that asked whether people supported a linkage fee on developers of hotels and office buildings downtown—booming at that point, though the neighborhoods were not—to be used for affordable housing. It won by 75% of the vote. It was non-binding, but it forced the mayoral candidates to take a position. To date, \$50 million of private sector revenues have gone into affordable housing. That fee hasn't changed and as a result, has been eroded over 16 years by inflation. One of the things we're doing this year is working on a campaign to increase it.

What are the biggest challenges of your work in the Massachusetts?

Getting people to consistently recognize housing as an important issue. For low-income people, housing is always a crisis, but it only becomes a political issue when there are really severe cost spikes that affect the middle class folks in the suburbs. So it's frustrating—you really only have these short windows to gain broader support for the issue. It has been gratifying to see that in spite of this, we at MAHA could build a coalition with the goal of sustaining support for affordable housing through the peaks and valleys of the real estate market.

How can we build broader support for housing issues?

Programs should meet a range of incomes. We won't get broader support if the perception or the reality is that we build housing just for people who make \$10,000. We recognize that there is a range of housing needs including working class and middle class folks. Obviously, building housing for lower income people requires a larger subsidy. Of course, if you have a fixed amount of subsidy, the decision to spend it on someone earning \$50,000 instead of someone earning \$10,000 is a hard one. That's why we have to expand the pie instead of slicing it different ways.

Q & A

Tom Callahan, a native of North Adams, got his start organizing for Massachusetts Fair Share, a multi-issue community action organization. He continued organizing, this time in housing exclusively, for Tenants United for Public Housing Progress. Both of those offices were just down the street from his current office at the Massachusetts Affordable Housing Alliance (MAHA) in Dorchester where he has worked for twelve years and is the Executive Director. Tom shares his insights, frustrations and points of pride on working as a housing advocate for the long haul.



Why do you think housing programs and rhetoric don't resonate with voters?

There are many reasons. The alphabet soup of groups involved makes it difficult for outsiders. Also, people don't really know the true costs of building quality affordable housing. To an extent, too, people still think of affordable housing as public housing, and their image of public housing is of a high rise building. That's never been the model in Massachusetts. If people could see the way affordable housing can and does fit into different types of communities around the state, they would be surprised, and I think, more supportive.

How do you measure your success—in numbers?

Yes, partly. There are so many ways we measure our success. We do track and take pride in the number of graduates of our homebuyers program—a total of 685 in 1999. The first year we graduated 200. Many of those people went through the Soft Second program. In Boston alone, since 1991 there are almost 2000 Soft Second homebuyers, and 4000 statewide. It's a program that many thought would die after a year. We take a lot of pride in it, and obviously, MHP does as well. An impressive new number is the attendance at a recent meeting of our Homebuyers' Union—1200 folks; not many groups can do that.

But there are some things that can't be easily quantified—things like seeing the empowerment of people reached through organizing who are now taking charge in their communities. There are the private sector companies we've encouraged to work with us who otherwise wouldn't have. And there are the people who go through our intensive counseling and afterward walk up to our counselor, Florence Hagins, and say, "Thank you. We've decided not to buy a house this year." That's something a private sector organization can't do. If you're a banker or real estate broker, your interest is getting them to buy a home so you can make a living. We have a unique role because we can open people's eyes to the pros and cons of homeownership. We do want to grow new homeownership, but it has to be sustainable. If we said to the banks 10 years ago, "this is good business," and it wasn't, we couldn't still be doing this.

BEST PRACTICES

Developing Efficiency in Northampton

HomeSafe Touches Thousands.

Ask anyone in the business — they'll tell you that the Soft Second Loan Program has been an unqualified success in helping low-to moderate-income homebuyers realize their dreams of homeownership.

The HomeSafe Program is a great complement to the Soft Second program because it helps new homeowners adapt to the responsibilities of homeownership. In conjunction with local housing groups, MHP has been funding this series of post-purchase educational classes. The free classes enable new homeowners to learn how to maintain their homes and prevent crime, accident and foreclosure. "People are so focused on getting into their new homes that they sometimes can't think beyond the closing. This program helps with the questions they can't possibly anticipate before moving in," explained Heather Hennessey, Manager of MHP's Soft Second Loan Program.

Perhaps the biggest incentive to joining the program is that most homeowners get a discount on their homeowners' insurance. Eight of the top property insurance companies in Massachusetts give up to 15% discounts to graduates of the program. Thousands of families across the state have taken advantage of this program since its inception over three years ago. Classes are now underway on the Cape through Housing Assistance Corporation, in Hampden and Hampshire counties through Hampden Hampshire Housing Partnership, and in the greater Boston area through Massachusetts Affordable Housing Alliance. The program will soon be available statewide.

To learn more about the HomeSafe program, or find out about classes in your area, call Bruce Dillenbeck at 617-338-7878, ext. 274.

The City of Northampton has a practice worth replicating. The "Site Planning Review Group," led by Wayne Feiden, Director of the Office of Planning & Development, holds regular pre-permitting meetings with developers early in the planning process to weed out any major issues in their applications.

"The process came about with two main goals in mind," explained Wayne Feiden. "First, to make us friendly to developers. They spend a lot of money putting together a proposal and don't really know the process. Second, it was an effort to control the amount of time groups spent in front of the board. The staff and planning board have been overwhelmed with the number of applications they've had to see. If they meet initially with this informal group and get specific feedback, it saves going through those concerns when the application is formally presented."

When requested, the group schedules meetings with developers at 7:30 a.m. The group has representatives responsible for city planning, zoning, building permits, engineering, conservation, and from the fire and police departments and local housing partnership. Developers are strongly encouraged to come in early. They get less feedback, but they are in a better position to make changes before the project has advanced in time and money. "Basically," Mr. Feiden said, "we have a covenant with applicants: If it's a good application, we will rush it through the process. Our staff review the application and if it's complete, we schedule the meeting right away."

Peg Keller, Housing and Community Development Planner, pointed to another important benefit — affordable housing can be encouraged earlier in the process. "Because the housing currently being built in Northampton is high end, Housing Partnership members requested a place at the Site Plan Review table to have direct access to developers for the purpose of encouraging them to include affordable units in their projects," Ms. Keller added. "These informal gatherings provide a place for this dialogue to occur before plans are finalized and give staff the time to point out any zoning relief or funding sources that may be available to help accomplish this goal. This dialogue also promotes awareness within the development community that the City is committed to providing housing opportunities for households with a wide range of incomes."



RITA FARRELL: MHP VETERAN

Rita Farrell joined MHP in 1986. Since her first position as Regional Director in Western Massachusetts, she has been working in communities across the state to promote affordable housing and expand the reach of MHP. For many outside Boston, she is the first point of contact at MHP.

Rita's experience is impressive. She has been working in a variety of roles in housing development and public administration for over 26 years. She began her career as a VISTA volunteer for a community action group doing housing development in New Hampshire, moved to North Carolina to develop rental housing for seasonal migrant workers, and ran a pilot Section 8 program

there. Later in Washington, DC, she addressed farm worker's housing development issues as the Eastern Regional Director of the Rural America Coalition. After returning to New England for graduate school, she was appointed to the post of town administrator for four towns in Massachusetts. Finally, before joining MHP, Rita ran a small business loan program at the Franklin City CDC. With this background, she went to work at MHP, at the time still housed within the Executive Office of Communities and Development (EOCD), and was part of the original core group of the current MHP organization.

In her latest incarnation at MHP, this year Rita will direct an intensive community support program. She will work with a handful of distressed urban neighborhoods to implement intensive redevelopment plans. At the same time, in a few high-cost, high-growth suburban communities, she will work closely with community leaders to support the construction of affordable housing.

Lawrence Celebrates New Housing

The City of Lawrence invited over 100 volunteers, residents and funders to help "raise the roof" as part of a national day sponsored by the U.S. Department of Housing and Urban Development (HUD).

The day's events kicked off with a tour of the two-block area in the North Broadway Revitalization Neighborhood (NBRN) that is being targeted for rehabilitation. When completed, this area, encompassing 16 properties that are in the process of rehabilitation and/or lead abatement and one new property, will boast 97 affordable housing units.

At the end of the tour, attendees joined Mayor Patricia Dowling and other officials and sponsors, including MHP Execu-

tive Director Clark Ziegler, in showcasing a new duplex that will be sold for \$110,000 to the winner of a local lottery. Youthbuild Lawrence sponsored the project.

MHP provided lead paint abatement funding for the six-unit affordable apartment building conversion at 9-11 Tremont owned by ASH Development Company, LLC. Additional funding was provided by the HUD Office of Lead Hazard Control; BankBoston and the City of Lawrence.



HUD's Mary Lou Crane addresses volunteers as Mayor Patricia Dowling, MHP Executive Director Clark Ziegler and State Senator Susan Tucker look on.

Dorchester Sets New Standard in Green Housing

Residents of Dorchester's Erie-Ellington-Brinsley neighborhood took advantage of HUD's national "Raise the Roof Day" to break ground on 50 new affordable rental units and a community center. The project sets high standards for quality, environmentally conscious building materials, and energy efficiency. The 19 residential buildings will feature energy-efficient materials and construction which will lower overall energy use by 45% and provide healthier indoor air quality. The Groundbreaking ceremony featured remarks from Mayor Thomas M. Menino, Mary Lou Crane of HUD, Charlotte Golar Richie of the Department of Neighborhood Development, Gail Latimore of Codman Square Neighborhood Development Corporation (CSNDC), Ann Houston of MHP, Timothy Vaill of the Boston Private Bank and other community leaders. The project was sponsored by CSNDC. MHP is providing \$1 million in permanent financing. Additional funding was provided by the City of Boston, the

Massachusetts Department of Housing & Community Development, the Neighborhood Reinvestment Corporation, and the Federal Home Loan Bank of Boston with Boston Private Bank serving as the Affordable Housing Program sponsor and as construction lender. The National Equity Fund is the equity investor.

NEW NETWORK DESIGN

The arrival of the new millennium brings with it a new look for our newsletter.

Let us know what you think and also what you'd like to see featured in upcoming editions by calling Jill Mittelhauser at 617-338-7878, ext. 227, or emailing jmittelhauser@mhpfund.com.



Community leaders break ground on new, green homes in Erie-Ellington-Brinsley.

Just in Time for the Twenty-First Century

MHP is planning the launch of our new website at www.mhpfund.com. The website will explain our mission and programs, and it will provide links for additional information in areas such as homebuying, affordable housing development and community housing strategies.

Send us your email address, and we'll contact you when our site is up and running. In the meantime, suggestions are welcome.

Write to web@mhpfund.com.

Network is the newsletter of the Massachusetts Housing Partnership Fund, a public agency created in 1985 and financed by the banking industry to fund affordable housing and neighborhood development in communities throughout the Commonwealth.

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Jill Mittelhauser
Editor

NEWS CLIPS



LAWRENCE D. BEANE
Joins MHP Board

Governor Cellucci recently appointed **Lawrence D. Beane** of Huntington to the MHP board. Larry is president and CEO of the Greenfield Co-operative Bank. He was previously Vice President of the Brightwood Development Corporation, Springfield's largest CDC, and President of Springfield Institution for Savings. He was also a senior executive at the former Heritage Bank in Holyoke. He has tremendous experience with community development efforts in Springfield, Chicopee and Holyoke dating back more than thirty years.

Larry fills the position vacated by Board Secretary/Treasurer **Peter Shaw**, who retired his post after seven years of service. Peter's resignation followed his retirement last winter from Chelsea-Provident Co-operative Bank where he was president and CEO.

Also new to MHP...

We have a number of new staff to welcome... **Eric Bonney** joined MHP in June as the newest Portfolio Manager. Eric comes to MHP with 13 years of real estate experience at Winthrop

Financial, where he was both a property manager and an owner's representative. Eric's a certified public accountant... **Bruce Dillenbeck** began working at MHP in June as the Program Assistant in the Soft Second Loan Program. Bruce has work experience with a number of community based organizations in Massachusetts and New York and has a masters degree in Urban Planning from the University of Illinois in Chicago....

Matt Engel, our new Community Programs Assistant, received a degree in History from Carleton College in Northfield, Minnesota. He most recently worked at the American Institute of Architects (AIA) in Washington, DC... **Jill Mittelhauser** is MHP's new Communications Director. She recently moved to Boston from Washington, DC where she worked in communications and urban policy at the Center for National Policy. Also in DC, she managed a HUD grant for a fair housing organization and earlier worked with housing and urban design architects at the AIA... **Maria Moran** is the new Administrative Assistant in Portfolio Management. She is a recent graduate of UMass-Amherst where she majored in sociology... **Steve Samet** joined Portfolio Management in August as a Portfolio Analyst. Steve moved to Boston from Miami where he graduated from Miami University with a major in finance and a minor in accounting... **Michael Thomas** joins MHP as the Program Manager for the Technical Assistance program. His most recent experience was at the Boston Department of Neighborhood Development as a Neighborhood Planner, where he was active with the Blue Hill Avenue Initiative. **Welcome everyone!**

PARTNERSHIP PROFILE

WESTWOOD HOMES

The Town of Westwood recently received the Murray Corman Community Housing Leadership Award for its leadership and perseverance in developing affordable housing for low and moderate income residents. Michael Jaitlet, the Town's Executive Secretary, and Jill Onderdonk, the Housing Lottery Director, accepted the award on behalf of the town. "We were thrilled to receive this award. We worked very hard to make the program both fair and successful," said Jill Onderdonk.

There are five affordable housing developments in the affluent town of Westwood, but the most noteworthy story comes out of two recent developments: Chase Estates and Cedar Hill Estates. Both of the developments, totaling almost 160 houses between the two, were permitted initially in the late 1980s under the Homeownership Opportunity Program (HOP) and later in the early 1990s under the Local Initiative Program (LIP).

Creating affordable housing in high-cost communities generally requires building mixed-income projects so

that income from the sale of market rate homes can partially subsidize the affordable homes. In this case, the town demonstrated that this approach works, that very expensive homes could be sold in a mixed-income project. The attractive three- and four-bedroom colonial houses range in price from the below-market rate of \$100,000 to more than \$600,000 in the market rate housing.

The process was well thought out and financially self-sufficient. A \$5,000 "linkage fee," later increased to \$6,000, was charged for each market rate house sold. The linkage fees were used to pay for an extensive lottery process designed by local housing professionals to increase racial and economic diversity.

"Now that the projects are near completion, the community supports them and sees the benefit of having added affordable housing," said Jill Onderdonk. In fact, Chase Estates is seen by many as a model.



Jill Onderdonk and Michael Jaitlet accept award from Steve Pierce, Executive Director of Massachusetts Housing Finance Agency

Homeowners of both affordable and market-rate housing have worked together on community issues, and the Town of Westwood is pleased with the contribution of the residents. At the end of the many hours devoted to this effort, those closely involved in the detailed lottery process are thrilled with the results.

"People ask me if, given everything, I would do this again," said Jaitlet, "and the answer is yes. It was a rewarding experience, and it provided housing opportunities to people who otherwise could not have afforded to live in this community."



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HOUSING PARTNERSHIP

NETWORK

GOVERNMENT DOCUMENTS
COLLECTION

GETTING IT RIGHT

By Clark L. Ziegler, Executive Director

When government first got actively involved in housing in the late 1930s it was based on some very basic principles. First, that people on their way up the economic ladder sometimes need help along the way. Second, that competitive market forces should be harnessed to help meet the housing needs of working people. And third, that the public sector sometimes has a direct role to play in providing housing for families facing economic hardship.

Many positive things have resulted, whether it was providing decent housing for returning World War II veterans, establishing a competitive mortgage market for first-time homebuyers, providing incentives for responsible private owners to build, own and manage affordable rental housing, or helping nonprofit community organizations take on the most difficult properties in their neighborhoods.

Yet our country has also managed to create a complex housing system that is

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completely beyond the comprehension of the taxpayers who fund it. The danger—which played out visibly in the federal and state budget debates of the 1990s—is that the general public starts to view affordable housing programs and agencies as self-perpetuating bureaucracies that have lost touch with the basic values upon which they were founded.

The Massachusetts Housing Partnership Fund was created to help return affordable housing to those core values. This year marks two significant milestones that make it especially important to assess how good a job we have done. January 2000 marked the 10th anniversary of the Soft Second Loan Program, which was developed by MHP, bank leaders and community organizations as part of a landmark Boston community reinvestment plan. July 2000 marked the 10th anniversary of the state community reinvestment law that requires loan commitments to MHP as a condition of state approval for bank acquisitions—the only law of its kind in the United States.

In our view, the results are impressive:

- More than 4,500 low-income families have purchased homes through the Soft Second program, representing over \$460 million in mortgage loans by participating banks. Despite a median homebuyer income of less than \$29,000, the program has consistently achieved a lower delinquency rate than the mortgage industry as whole.

- Nearly a half billion dollars in credit has been made available to MHP as a result of bank mergers and acquisitions, nearly \$200 million of which has already been used by MHP to provide long-term financing for the construction or rehabilitation of 7,800 rental units. We have financed hundreds of properties without incurring a single loan loss.

Yet the numbers don't tell the whole story. The Soft Second loan program serves more low-income borrowers than any other first-time homebuyer program in Massachusetts and is now one of the single greatest contributors to minority homeownership in the City of Boston. Our rental financing programs do not just serve the strongest markets or the largest properties or the most well-heeled developers. They serve some of the most important rental properties in every part of the Commonwealth—and they generally do so faster and at a lower cost than conventional subsidized housing programs.

We are proud of our accomplishments and ready to do more. The cooperative efforts of Cardinal Law, Northeastern University, housing leaders, and the state's elected officials to find new solutions to the state's housing crisis this year may present just such an opportunity. The public may have lost its sense of connection to housing programs, but it never abandoned the core values that got federal and state government involved in housing in the first place.



A Levittown family standing in front of their new home

Inclusionary Zoning Conference Attracts Hundreds

Several hundred housing advocates, local officials and policymakers convened on May 31st to discuss inclusionary zoning at a conference sponsored by MHP, Citizens Housing and Planning Association, the Massachusetts Affordable Housing Alliance, and the Massachusetts Chapter of the American Planning Association.

The all-day conference in Framingham was designed to raise awareness about inclusionary zoning issues. The program featured presentations on successful local zoning models, legal issues, constituency building and future legislation. Governor Paul Cellucci and Boston housing chief Charlotte Golar Richie delivered keynote addresses.

The conference coincided with the release of a report commissioned by MHP that found 118 cities and towns in Massachusetts have changed their local zoning to promote affordable



Keynote Speakers Cellucci and Richie address MHP Inclusionary Zoning Conference

housing. But the study also found that these measures were largely ineffective, resulting in just a few hundred new affordable housing units across the state each year.

The report, "Zoning for Housing Affordability," was written by Philip B. Herr & Associates, a nationally recognized community planning firm based in Newton. The report examined all local zoning regulations in Massachusetts and also outlined local zoning practices in Connecticut, New Hampshire and Rhode Island.

The purpose of the conference was to help communities make more effective use of inclusionary zoning policies. A copy of the report, a description of the conference and a listing of upcoming inclusionary zoning events and publications can be found on MHP's website at www.mhpfund.com.

Contact Matt Engel for additional information by calling 617-338-7878, extension 292, or sending email to mengel@mhpfund.com.

Soft Second Leads in Low-income Homebuyers

The Soft Second Loan Program is serving more low-income home buyers in Boston than any other mortgage product, according to the sixth annual analysis of mortgage lending patterns in greater Boston commissioned by the Massachusetts Community and Banking Council (MCBC) and conducted by the University of Massachusetts/Boston. In fact, 60% of Soft Second borrowers are at or below 50% of the area median income. The remaining 40% are between 50% and 80% of median area income.

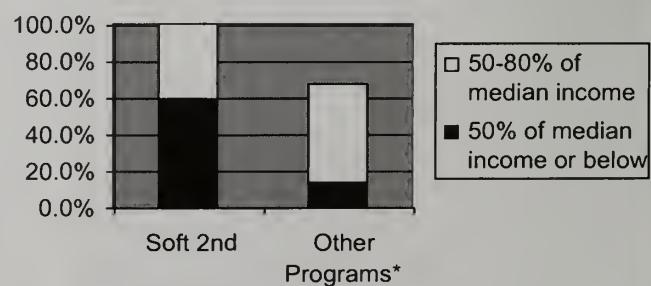
The study also found that Soft Second is one of the single greatest contributors to increased minority homeownership. At a time when overall mortgage lending to black homebuyers fell in Boston for the fourth consecutive year, 87.5% of all Soft Second loans went to minority borrowers.

The Soft Second Loan Program is supported by the Legislature through the state Department of Housing and Community Development, with additional funding from the Federal Home Loan Bank and participating cities. MHP, in conjunction with the Massachusetts Bankers Association, Fannie Mae, the Massachusetts Affordable Housing Alliance, and a number of other community groups, created the statewide affordable homebuyer initiative in 1990. The program is offered through 39 banks in 181 participating cities and towns across the state.

MCBC is a bank monitoring organization

jointly established in 1990 by the Massachusetts Bankers Association and a coalition of community groups. For more information on the Soft Second Loan Program, visit our website at www.mhpfund.com, or call Heather Hennessey at 617-338-7878, ext. 271.

Percent of Loans to Low & Moderate Income Borrowers in Boston



*Other programs in the study included ACORN, MHFA, and NACA



MILLBANK PLACE, NORTHAMPTON

Valley Community Development Corporation is developing 24 units of affordable housing 1/2 mile south of the Northampton Central Business District. The project is a combination of acquisition, moderate rehab and new construction aimed at serving low- and very low-income residents. All units will be reserved for tenants at 60% or less of median income, and six apartments will be reserved for tenants at less than 50% of median area income. MHP is providing \$1.85 million in construction and permanent financing as part of a focused Single Package Financing demonstration. Other financing is provided by federal, state and local sources.

1202 COMMONWEALTH AVE, BRIGHTON



This 60-unit building of studio apartments and single room occupancies is located in a high rent neighborhood, but will remain affordable thanks to strong sponsorship by Caritas Communities, Inc. and renovation financing from MHP and the City of Boston. Rents will be restricted for 48 of the apartments, with 6 reserved for individuals at 30% of median income. MHP provided \$1.9 million in permanent financing and subsidies.



This year marks the 10th anniversary of the state community reinvestment legislation that requires loan commitments for affordable housing from banks as a condition of state approval for bank acquisitions. It also marks the completion of \$200 million in MHP loan commitments.

These commitments include a wide range of loan amounts, building location, age and size. We are proud of our ongoing work in communities across the state including those profiled here in Northampton, Brighton, New Bedford and Webster and look forward to continuing to expand our work and reach in the coming years.



RICHARDS APARTMENTS, WEBSTER

All 54 units of this 3-building development will remain affordable after the units are rehabilitated. The two- and three-bedroom apartments have been operated as affordable housing since 1973, with rents subsidized under the Section 236 program by the U.S. Department of Housing and Urban Development. A management office and playground will be added as part of the planned enhancements. MHP is providing permanent financing of \$1.98 million to the project sponsored by Winn Development Corporation.

NEW BEDFORD RESIDENT WELCOMES CHANGE

"I'm what you call a neighborhood watchdog," explains Austin Street resident George Lawton. To say that Lawton has been watching the changes in his neighborhood with interest would be an understatement. The Lawtons, who live between two current MHP-financed rehab projects, bought their home in 1970. "When we first bought the place, it was a beautiful neighborhood. We [neighbors] talked to each other. We had meetings. Ten years later, it was full of drugs and prostitutes. I had them in my back yard, on my front porch."

Anyone who goes to the neighborhood with any frequency would have noticed Lawton peering out his front window to monitor the activities of the neighborhood or openly cheering on construction workers as they renovate homes at Austin Court. In the thirty years since the Lawtons bought their home, they've watched their investment, and quality of life, go up and down. Now as Phase 3 of the renovations surrounding Lawton's home begins, he knows that his investment was sound. "It's 90 percent better now," says Lawton, "it takes time." HallKeen sponsored all four phases of the community revitalization effort which will include 146 units of historically significant, affordable housing. MHP invested a total of \$888,000 in two phases of the project. A ribbon cutting ceremony was held in late June to mark the completion of extensive renovation to 20 buildings with 114 units.



Greig Cianna

You've written extensively on the regional economy—what is the current outlook?

I wrote a piece about a year ago called *Massachusetts: The Two Economies*, referring to Boston and "not Boston". When we separated Boston from the rest of Massachusetts, we found that the economy of the rest of the state looked like the overall U.S. economy, while greater Boston's economy was very high tech. Boston is a major center for both optics and microbiology, which are likely to be two of the biggest growth industries of the next few years, so I'm optimistic.

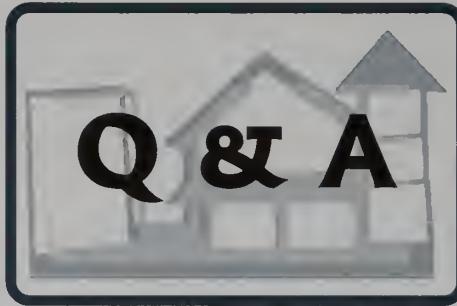
Is access to affordable housing vital to sustaining economic growth?

Not for many of the high tech firms. For companies in optical networking, software, telecommunications, biotechnology, and other high tech fields, access to highly skilled professionals is the critical factor in location decisions, and Boston's large pool of high-tech professionals makes this a prime location for them. Boston's major competitor is Silicon Valley, which is worse in terms of housing costs. The lack of affordable housing is not a decisive factor for these companies; they have to have people with technical expertise and will pay their workers enough to afford good housing. For firms with a wider choice of potential locations, however, high housing costs certainly do deter expansion here.

The high cost of housing *will* cause an enormous strain on the other people who live here. One of the unpleasant side effects of this kind of boom that is powered by a very high tech economy and has made a surprising number of people very rich is that in the context of our very restrictive policies on building housing, it has forced a housing crisis. As a result, a large number of lower income people are suffering.

What is contributing to the current boom in housing cost?

We have some of the highest housing prices in the country with the second lowest population growth. Why? New England in general, and Massachusetts in particular, is very restrictive in allowing



Edward Moscovitch, an economist with over 30 years of economics and public policy experience, is the President of Cape Ann Economics. Established in 1988, the firm specializes in regional economics, public policy studies and public education finance. Moscovitch is a former Massachusetts budget director and was formerly an economist with the Federal Reserve Bank of Boston. He shared his thoughtful opinions on addressing the housing crisis during a walk through a Gloucester meadow near his office with his dog, Bert.



"...everyone is alarmed about the lack of housing, and they want to solve the problem by building housing somewhere else."

construction of new housing. If we allowed new housing like other regions, we'd have lower housing costs or at least less increase than the South Atlantic region, which has much higher population growth. A combination of NIMBY tendencies and strong local control means that we make it very easy for almost any group in any community to stop the construction of any substantial amount of new housing.

Everyone is alarmed about the lack of housing, and they want to solve the problem by building housing somewhere else. Every place is defended by someone so no housing gets built.

There is a sort of double housing crisis. There are probably some people who could not afford unsubsidized housing no matter what—I don't believe that market policies alone will house everybody, and I therefore support publicly-subsidized housing for the poorest segment of the population. But I would guess that you'd find a lot of people thinking that we probably need to subsidize housing for the average family and that simply doesn't work. We can't subsidize housing for everyone, so we need to find a way to make unsubsidized housing affordable for average families. This will necessarily mean policies that make it much easier for developers to build new housing.

What role should government play?

Let's be realistic. If some sort of new technology is likely to emerge that allows us to figure out ways of building housing more cheaply, it isn't going to happen under government contracts. The government tends to be limited by bureaucracy, union rules and zoning so I believe that you will get more innovation when private sector people step in. I'd like to figure out a way to have more housing built by the private sector, and I think that means the state should make more land available.

People understand that if you allow new housing to be built, the cost of educating the additional children who move into town will almost certainly be greater than the increase in property tax revenues. For this reason, people find it in their short-term economic interests to oppose new housing. The state ought to say that in view of our interest in building more housing, communities that designate land for housing and make it easy to build and that meet certain environmental standards—common land, integration of stores, schools, and public transit—will be protected from the tax consequences by the state. They may even be rewarded, but at the very least they won't be left to suffer financially. If we think that we're going to build large tracts of housing at the same time that it's in the financial interests of everybody to follow their NIMBY interests, well it ain't going to happen.

What will it take to get new housing built?

There should be some overarching state incentive. It needs to start with the commitment that a town won't suffer financially if it adds housing, some of it affordable. But I would guess that some towns would say that they just don't want it. Maybe you have to require every city and town to make available a number of housing sites equal to 5-10% of housing stock and to put them in some sort of program that meets a standard about ease of construction.

Ultimately, the only way to bring down the cost of housing is to build more housing. And the only effective way to build lots of new housing is for the private sector to do it, and that means that we have to break the stranglehold on land. Basically, if any community can use its zoning to stop construction of housing, they will.

What would you propose to encourage new housing growth?

I would encourage cluster zoning. I suspect that it is possible to build housing more densely than we normally do today and yet retain common space in ways that people would enjoy and find attractive.

I would also encourage whole new towns that included factories, schools, offices, and stores as well as new housing, planned in a thoughtful way. If you build everything together, you minimize auto traffic, instead of adding more suburbs where people drive 40-50 miles to commute in to Boston.

There's no easy answer, but it is certainly possible to think constructively about the conditions in which people would be willing to live in denser conditions—nice streets, ample parks nearby, good schools, so we could house more people affordably and comfortably.

Suburban Development on the Rise?

There is a growing commitment among suburban towns to meet the needs of low- and moderate-income residents. "The myth is that no one in the suburbs cares, but we have seen a tremendous response," reports Ann Houston, MHP's Director of Community Assistance. "Non-profits, for-profits, towns, housing authorities, and citizens have all been involved."

MHP has over 20 projects on its Technical Assistance pipeline in communities in and around Interstate-495. From assisting the Town of Harvard with the complex re-use of housing at Fort Devens, to working with a small, new non-profit in Marblehead to acquire single-family properties, the MHP Community Assistance staff have supported a diverse range of suburban development projects.

The strong response to MHP's targeted technical assistance for towns reviewing comprehensive permits (Chapter 40B) and the high level of suburban involvement in our recent Inclusionary Zoning Conference show a strong effort on the part of suburban communities to produce affordable housing. For more information about MHP's Technical Assistance program, visit www.mhpfund.com or contact Matt Engel at 617-338-7878, ext. 292, or mengel@mhpfund.com.

Building New Homes for First-Time Homebuyers

Eleven low- and moderate-income families in Provincetown eagerly track the construction of their new homes in the 18-unit Henchie Estates development. The families were chosen to fill the two- and three-family condominiums developed by Ted Malone.

The homes reflect Malone's commitment to fostering strong community, promoting good design that preserves nature and maximizing affordability.

Malone achieved the high level of affordability in the Henchie Estates with a blend of creative design and financing, town ordinances that promote affordability, and MHP's new Project-Based Homebuyer Financing demonstration. Henchie Estates is the first development to take advantage of this program.

The MHP Project-Based Homebuyer Financing is modeled on the successful Soft Second Loan Program which utilizes a conventional first mortgage with a



Henchie Estates: 11 new affordable homes in Provincetown

subsidized second mortgage to increase a first-time homebuyer's purchasing power. A moderate-income family can boost their purchasing power by as much as \$40,000. The project-based model commits subsidy funds to sales in a project to guarantee a developer can meet affordability objectives while maintaining a sales price that covers development costs. Malone says, "This ensures that the resources are going to be there. It also made it possible for the sale prices to support more affordable homes than originally projected."

For information about Project-Based Homebuyer Financing, call Ann Houston at (617) 338-7878, extension 242 or email ahouston@mhpfund.com.



Greg Cranna

MHP Welcomes Michael Thomas

Michael Thomas may be new to MHP, but he's not new to housing or community issues. A Boston native, Thomas spent the last nine years as a Neighborhood Planner for the City of Boston in the Department of Neighborhood Development. Among his accomplishments, he was instrumental in the implementation and management of the Blue Hill Avenue Initiative. While working actively in the communities during the day, in his free time, he photographs community-related events as a freelance photographer.

Listening to him explain his work experience, negotiation and diplomacy are often the concepts he's describing. In each position he talks about a commitment to building relationships and helping people. He started his career reconciling accounts for the State Treasurer's Office. He then began work for a local real estate agency and for the Massachusetts Division of Capital Planning and Operations in the Office of Real Estate Redevelopment.

At MHP, Thomas has taken on the position of Community Assistance Program Manager where he will continue his planning and negotiating work with communities across the state. As the manager, he works with communities to tailor MHP's technical assistance to fit a project's predevelopment needs, teams the community up with a consultant and monitors progress as groups move closer toward their development goals. If your community is considering a project and needs assistance, call Michael Thomas at 617-338-7878, ext. 281, or email mthomas@mhpfund.com.

Soft Second Increases Purchase Price Caps

Purchase price limits for twenty-six participating communities were increased in the Soft Second loan program in an effort to create more options for lower-income, first-time home buyers. The changes affect two- and three-family homes in greater Boston.

The new price limits are \$220,000 for a two-family home and \$230,000 for a

three-family home for twenty-six participating communities inside Route 128 plus the Town of Framingham. For all other Massachusetts communities the purchase price limits will remain at \$180,000 for two-family homes and \$200,000 for three-family homes.

To find out if your community was affected, contact Heather Hennessey at 617-338-7878, ext. 271.



Heather Hennessey approves Curtis Lopes on behalf of the Twin Cities CDC to administer homeownership education courses

Heather Hennessey, Soft Second Program Manager, was elected by 54 organizations to the Collaborative Seal

Hennessey Joins Selection Committee

of Approval Selection Committee for a two-year term. The Committee was designed to review applications from homebuyer counseling agencies based on specific criteria that they deem necessary. Applications were accepted starting in March; the Selection Committee began reviewing applications immediately and presented groups with certificates of approval in June. The Committee approved 28 groups in the first round.

New Communities Join Soft Second

This year a record number of new communities signed onto the Soft Second Loan Program, bringing the total number of participating communities in Massachusetts to 181. To date this year, the state Department of Housing and Community Development has awarded funds to over 35 communities to subsidize loans for first-time homebuyers.

What does it take to become a qualified community? There are a few steps to getting the Soft Second Loan Program up and running in your community.

1. Find a source of public funds to subsidize the interest on the second mortgage. Most communities secure funding through the Department of Housing and Community Development (DHCD). DHCD issues applications for state funding two or three times per year. Other possible fund sources include Community Development Block Grant (CDBG) funds received directly from the federal government by larger "entitlement" communities, and CDBG funds obtained by "small cities" through DHCD.

2. Line up your local banks. Talk to banks in your community about the program and enlist their support. Ask the banks to commit to closing a certain volume of Soft Second loans in your community.

3. Work with MHP to get your program up and running. MHP is prepared to support the program's operation and to ensure that each loan closing is consistent with the program documents and guidelines. Contact MHP for a program manual which contains all the materials necessary to administer the Soft Second Loan Program.

To find out if your community participates, visit our website at www.mhpfund.com or contact Heather Hennessey by calling 617/338-7878, ext. 271, or emailing hhennessey@mhpfund.com.

ATTENTION NONPROFITS

Free Legal Services for Affordable Housing-- The Lawyers Clearinghouse on Affordable Housing and Homelessness has been organizing legal resources to combat the lack of affordable housing in Massachusetts since 1988. The Clearinghouse's Community Legal Referral Program matches volunteer lawyers with nonprofit organizations who develop or maintain affordable housing. The volunteer attorneys include specialists in real estate, landlord/tenant, financing, tax, incorporation, and environmental law.

For more information or to apply for assistance, contact the Clearinghouse at 617-723-0885.



Congratulations to the Grandfamilies House sponsored by the Women's Institute for Housing and Economic Development for

receiving the Maxwell Award for excellence in housing from the Fannie Mae Foundation. This is their second award. They also received a Tax Credit Excellence Award last year.

Network is the newsletter of the Massachusetts Housing Partnership Fund, a public agency created in 1985 and financed by the banking industry to fund affordable housing and neighborhood development in communities throughout the Commonwealth.

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Robert Ebersole
Acting Director of the
Department of Housing and
Community Development

Vincent P. McCarthy
Chairman

Clark L. Ziegler
Executive Director

Jill Mittelhauser
Editor

NEWS CLIPS

At MHP...

MHP bids farewell to Board Member **John Simon**. Mr. Simon was the designee for the State Administration and Finance

Secretary and an active board member. He recently announced his intention to take a position at Harvard Pilgrim Healthcare. We wish him the best of luck in his new position and thank him for his commitment to MHP. A new designee will be announced in the coming months.

MHP welcomes new family members. **Linda Hill**, MHP Portfolio Manager, gave birth to a baby boy, named Brigden Austin, but casually called Rigs, on December 24th. Trevor Robert Dion, new son of **Derryl Dion**, MHP Loan Administrator, was born on July 23rd...MHP has experienced a flurry of staff weddings. **Gulshan Chaudhry**, MHP staff accountant, took off two months this spring to return home to Pakistan and get married. **Jill Mittelhauser** was married in Pennsylvania in June, and **Cam Tewksbury** had a July wedding in Connecticut.

MHP welcomes new staff. **Renaan Johnson** joined MHP July 5th. Renaan is a 1999 graduate of Roxbury Community College with a major in Legal and Executive Studies. She also has a Certificate of Executive Assistant Studies from Katherine Gibbs Business School. Renaan has worked as a Legal Assistant for a small law firm in Boston and as an Administrative Assistant for the Old Colony YMCA...Portfolio Management welcomed **Semih**

Pilosof to the position of Portfolio Analyst on July 17th. He is a recent graduate of Clark University where he majored in economics...**Megan Magrane** joined MHP as a Lending Assistant on July 19th. Megan is a candidate for a Master of Public Affairs degree from the LBJ School of Public Affairs at the University of Texas at Austin, with a focus on urban economic development. Before graduate school, Megan worked for two years at Buchanan and Associates, an environmental law and government relations firm in Boston. She is a 1996 graduate of Mount Holyoke College.

Also joining MHP for the summer are **Myoung-Gu Kang**, lending intern, and **Gregory Payne**, law clerk. Kang is a student at MIT's Department of Urban Studies and Planning, and Payne, a student at the Northeastern University Law Center, has seven years of homeless prevention and affordable housing experience.

MHP sadly wishes good luck to **Rachel Fouché** and **Steve Samet**, departing for other positions. Rachel will be the new Senior Program Coordinator for the Boston-based Food Project, and Steve will be moving to New York to join the investment house, J.P. Morgan.

Visit us online at
www.mhpfund.com!



MHP's website is up and running. We appreciate the comments we've received and look forward to offering more opportunities

for information exchange in the future. Please visit our website to learn more about MHP's programs and stay current with our "News" section.

PARTNERSHIP PROFILE



When Opportunity Knocks

This idyllic coastal town is what many tourists imagine when they think of New England. In fact, its beauty and charm not only appeal to tourists, but also to many people who were raised in this serene and beautiful setting. Unfortunately, with an average home price of \$455,000, "a lot of folks who grew up here can't afford to return to the community," said Joanne Graves, executive director of the Manchester Housing Authority.

Recently opportunity knocked when two adjacent prime properties went on the market, one containing four small businesses and the other with 21 apartments and land for more development, and the Housing Authority knew it had to act fast. The apartments in the complex have been rented at surprisingly low rents, and the Manchester Housing Authority hopes to maintain that affordability while renovating the building and improving the site with landscaping and additional parking. They are also proposing building five affordable condominiums for first-time

homebuyers and 17 market-rate condominiums on the Harbor Hill site. The Housing Authority established a non-profit organization, The Manchester Residence Corporation, to carry out the project.

In a strong vote of support for the proposal, the town authorized \$600,000 in bond revenues for the project. The motion captured 80% of the votes cast on the question in the town's May 8th election. The town's vote revealed a growing concern about housing costs in Manchester, a concern also reflected in a recent survey done for the Planning Board's Master Plan 2000. Almost 60% of the responses mentioned affordable housing as a pressing issue.

The Manchester Residence



Manchester-by-the-Sea Housing Authority Board Members

Corporation will use the town investment to support activities leading to acquisition of the site. "This is an opportunity to do things a little differently," says Graves. "It will be mixed-use, mixed-income and mixed-opportunity."

MHP has worked closely with the Manchester group to initiate the Harbor Hill project, providing both staff assistance and funding. MHP's Technical Assistance fund was used to hire Affirmative Investments, Inc. to develop and test a feasibility study, and a \$50,000 MHP predevelopment loan will carry the project forward until town funds are available.



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HOUSING PARTNERSHIP

NETWORK

MAR 20 2001

Beyond Wishful Thinking
by Clark L. Ziegler, Executive DirectorUniversity of Massachusetts
Depository Copy

Many good studies over the past six months have made it clear that we have a serious housing problem in Massachusetts and that we must take bold steps to resolve it. The Governor's office recently reported that Massachusetts produces new multifamily housing at just one-third the national rate. A major Northeastern University study commissioned by Cardinal Law found that we need to build an additional 7,000 rental housing units a year in greater Boston simply to meet existing demand. UMass reports that more than a quarter million residents are paying more than half of their monthly income for rent. And the U.S. Department of Housing and Urban Development reported last year that housing costs in Massachusetts are rising faster than any other state.

Our response to this crisis simply can't be "let's do more of the same." While Massachusetts has an excellent reputation on affordable housing, the fact remains that we are barely making a dent on the problem.

How can this be the case, given our history of innovation, our reservoir of local talent and substantial federal and state spending on housing each year? The numbers tell much of the story: People at the lowest end of the income ladder – for whom housing is their largest household expense – either need jobs sufficient to pay their housing costs, help paying rent to a private landlord, or the opportunity to rent a subsidized

apartment at a below-market cost. Yet well under half of the low-income individuals and families who qualify for rental assistance or subsidized apartments actually receive such benefits.

States acting alone cannot possibly bridge such a large income gap. Recent evidence suggests that we need to at least triple or quadruple the rate at which we produce affordable rental housing. It is wishful thinking to believe that increased funding alone will make this happen, because it glosses over the capacity and efficiency needed to produce housing on a larger scale. But we can make a major difference in Massachusetts by expanding the supply of housing that is affordable to lower-income households.

What's needed most—beyond new resources—is a willingness to take risks and try new approaches that get at a few core problems:

- Fragmented financing sources that add delays while increasing costs.
- Housing developments that are constantly being re-designed and restructured to appease neighbors and public decision makers.
- Development capacity that is scattered across many nonprofit and for-profit development entities, relatively few of which develop affordable housing on any substantial scale.

Leaders in other parts of the country have attempted bold solutions when running into seemingly intractable housing problems. Church-based organizations in New York pioneered the "Nehemiah" model to build decent homes at a large scale using standardized design and simple one-source construction financing. Jim Rouse and the Enterprise Foundation launched the City Homes model in Baltimore so that nonprofits could serve more low-income families at a lower cost by replicating the efficiency of small, for-profit property owners. The nonprofit Charlotte-Mecklenburg Housing Partnership has built and rebuilt entire neighborhoods by creating a full-service construction, management and financing team under a single roof. And the San Antonio Housing Trust has taken the lead in turning vacant city-owned parcels into cleared, fully-zoned, ready-to-build lots for private builders to construct affordable new homes.

In Massachusetts we sometimes think we live in the Hub of the Universe. But in the face of a crisis, we need bold thinking and a willingness to look beyond our borders for good ideas.



One of the 71 new homes in an affordable subdivision developed by the Charlotte-Mecklenburg Housing Partnership



Senate Banking Chairman Andrea Nuciforo, Jr., Senate President Thomas Birmingham and Speaker of the House Thomas Finneran share a laugh during the MHP event at the State House.

House and Senate leaders, bankers and housing advocates, joined MHP in celebrating the tenth anniversary of the Nationwide Interstate Banking and Community Reinvestment Act (Chapter 102 of the Acts of 1990) at the State House on November 14th. The Act obliges any bank-holding company acquiring a banking institution in Massachusetts to make funds available to MHP for lending. MHP borrows these funds from banks at below-market interest rates and uses them to make loans to support

affordable housing and neighborhood development, primarily long-term, fixed-rate loans for rental housing. The only law of its kind in the nation, Chapter 102 has resulted in bank agree-

ments totaling over one-half billion dollars since its passage to be used for affordable housing and neighborhood development across the state. Since it began lending in 1992, MHP has committed or closed more than \$200 million in loans for affordable housing and neighborhood development.

Special awards of appreciation were presented to Senate President Thomas Birmingham and Speaker of the House Thomas Finneran on behalf of the legislators who passed the Act in 1990.

Senior Legislators Join In Chapter 102 celebration

Speaker Finneran was Chairman of the Banking Committee and was instrumental in its passage. Vincent McCarthy, Chair of MHP's Board of Directors, and Clark Ziegler, Executive Director, also expressed appreciation to representatives of the participating banks in attendance—Mike Glavin of Fleet Bank, Margaret Harrison of Mellon Bank, and Kevin Winn of Citizens Bank.

Housing advocates Tom Callahan of the Massachusetts Affordable Housing Alliance and Joseph Kriesberg of the Massachusetts Association of Community Development Corporations received recognition for their work. Special thanks to those who came to celebrate with MHP, especially Senator Andrea Nuciforo, Jr.; Rep. Bill Green; Rep. Peter Larkin; Rep. Bob Koczera; former Senator Paul White; and former Rep. Charlotte Golar Richie.

MHP Welcomes New Board Members

MHP is pleased to announce the recent appointment by Governor Cellucci of Richard C. Lawton and Stanley J. Lukowski to its Board of Directors.

Richard Lawton is the President and Chief Executive Officer of the Webster Five Cents Savings Bank, where he has been since 1980. He formerly worked for Peoples Savings Bank in Worcester and Liberty Finance Co. in Alexandria, Va. He is an active board member of the United Way and is a trustee at Hubbard Regional Hospital. In addition, he is a director on the Webster, Dudley, Oxford Chamber of Commerce and on the American Institute of Banking.

Stanley Lukowski is the Chairman and Chief Executive Officer of Eastern Bank Corporation, where he has worked for 24 years. Prior to joining Eastern, he was Vice President of Kidder, Peabody & Co. and a senior accountant for Arthur Andersen & Co. He is a trustee of the Partners HealthCare Systems, Inc. and Partners Community HealthCare.

In addition, Assistant Secretary Linn Torto has been designated to represent Administration and Finance Secretary Stephen Crosby on MHP's Board of Director. Ms. Torto was recently



Richard C. Lawton



Stanley J. Lukowski

named as the Governor's interagency point person on housing and homelessness. She has extensive experience in social services and real estate development and financing.



SR. CLARA MUHAMMED CO-OP, DORCHESTER

This former school building will be part of a project that includes five new duplexes and a convenience store in Upham's Corner in Dorchester. All 25 of the new apartments will be affordable to households with incomes at or below 60 percent of median income, and three of the units will be reserved for residents at 30 percent of median income. MHP provided \$728,400 in permanent financing to the sponsoring partnership of New Vision Community Development Corp. and Dorchester Bay Economic Development Corp. Additional funding came from federal tax credits, City of Boston HOME funds and a land donation, state HOME and HIF funds, and the Massachusetts Housing Investment Corp.



BUILDING SKILLS

Two local community development groups, Tent City Corporation and YouthBuild Boston, Inc., have joined forces to develop new affordable rental housing at 1884 Washington Street in Lower Roxbury. The vacant land is owned by YouthBuild Boston, and the new building, once complete, will consist of 12-16 affordable apartments and about 3,200 square feet of commercial



In the current housing market, projects like the three highlighted are unusual. Ranging in size from 19 to 337 units, they have in common a deep affordability--with rents affordable to families with incomes as low as 30 percent of median area income. The combination of rehab, adaptive reuse and new construction will result in 308 apartments available to families at or below 60% of median income, with 210 reserved for families with incomes at 50% of median and 36 set aside for families at 30% of median.

MISHAWUM APTS, CHARLESTOWN

In 1998 the residents of Mishawum Park Apartments in Charlestown purchased their building with financing from the U.S. Department of Housing and Urban Development and began to rehab the 337 units. All of the units are affordable, with 33 units reserved for households with incomes at or below 30% of median area income, 200 units affordable to 50% of median, 40 units at 60% of median, and the resulting 64 units at 95% of median. MHP is providing permanent



GARDEN STREET, LAWRENCE

ASH Development Company—ASH stands for Affordable Superior Housing—is buying and substantially rehabbing these attractive townhouses, known locally as "Mechanics Row" because they were built in the 1850s for mechanics who worked at the Lawrence mills. Over half of the resulting 19 units will be affordable to households at 50% of median income. The company's name was chosen to reflect their mission of urban redevelopment in Merrimack Valley. This will be the ASH's second project in Lawrence. MHP provided \$222,500 in permanent financing and \$328,200 in a deferred payment loan. Additional financing is being provided by the City of Lawrence and the First Trade Union Bank.

financing of \$17.5 million for the renovations. Fleet Bank and the Massachusetts Housing Investment Corporation are also participating in the loan. Additional financing for the project is being provided by the U.S. Department of Housing and Urban Development, the Massachusetts Department of Housing and Community Development, the City of Boston, and the Federal Home Loan Bank through Boston Private Bank and Trust.

space. Tent City will provide on-the-job training for a YouthBuild Project Manager. YouthBuild Boston, a job-training organization, will provide other trainees the opportunity to gain construction skills at the development site. Once construction is complete, YouthBuild Boston will continue to own and manage the property.

MHP is providing technical assistance in the form of a site feasibility study and preliminary zoning analysis. According to Cynthia Koebert, Executive Director of Tent City, the partnership is an easy fit for the like-minded groups. "This project is an exciting combination of each organization's talents. MHP's early funding has allowed us to get a jump start on our mutual goals of building skills while building homes."

Congratulations on your new position. Could you describe what you'll be doing?

I joined A&F last year to implement the action items that came out of the housing task force's two major reports ["Moving Beyond Serving the Homeless to Preventing Homelessness" and "Bringing Down the Barriers: Changing Housing Supply Dynamics in Massachusetts", both available at www.state.ma.us/eoaf]. Under Secretary Crosby, my position has grown to coordinate the homeless and housing issues across the various state agencies. He calls me the drill sergeant. He saw the reports we released as a call to action, and he felt that if it was a call to action, then someone should manage it.

Housing and homelessness may sound like a targeted and focused agenda, but it's really not — when you start getting into housing for people with disabilities, homeless initiatives, housing production, and siting policy, it's a huge task.

Has your background in social services affected your views on housing policy?

I think so. I agree with the Governor that homelessness and housing for very low-income people needs to be addressed with a comprehensive approach. Our goal has never been to focus on housing production solely for two-income working families. Production needs to be enhanced across all of the income levels and for persons with disabilities.

The state's new Affordable Housing Trust Fund will be an important alternative to traditional funding sources. It will allow us to reach farther down to low-income folks and make those projects work that were infeasible due to gaps in financing or greater risk. There are a lot of advocates for the very low-income and



LINN TORTO, Assistant Secretary of the Executive Office for Administration and Finance (A&F), has recently been named the

Cellucci/Swift Administration's inter-agency point person on housing and homelessness. She previously managed community development at Massport, served as the Commonwealth's Assistant Secretary of Health and Human Services, and developed and financed real estate at Cabot and Cabot. Ms. Torto represents Secretary Crosby as an ex officio member of MHP's Board of Directors.



"Production needs to be enhanced across all of the income levels and for persons with disabilities."

homeless who see the Trust Fund as a very important resource.

With my real estate development and finance background, I fully appreciate why the Governor sees housing as an economic issue. It's a nice marriage because it's not just the right thing to do, but it's also good for the economy.

Executive Order 418 [which gives towns that support affordable housing preferential access to state grant programs] has been criticized as a stick, not a carrot. How will you get people to buy in at the local level?

We need both a carrot and stick approach. To assume that the only way to build new housing is to throw more money at it is wrong. Clearly some of the wealthier towns aren't doing a good job of building housing. The state may be providing incentives, but under no circumstances is it acceptable for communities to say "not in my back yard." It's unacceptable to say every new single family home has to be built on a 3-acre lot, and there are communities doing that now.

Through Executive Order 418 the state is providing resources to help cities and towns do thoughtful planning. Communities that meet the housing goals of Executive Order 418 are in a much stronger position to get state discretionary grants. That's all carrot. Yet we can't afford to be laissez-faire about affordable housing. It's gone way beyond being a need — it's a crisis.

How is the passage of Question 4 and the resulting tax cut going to affect funding for housing programs?

The Governor has taken the position that those who put money into the system deserve to get some money back when the economy is good. It's not that government should not grow, but when we have more money we should spend it judiciously. We need to ensure that we don't mortgage our future by making commitments to programs that we can't afford in an economic downturn. I've mentioned to housing groups and providers that we're not going to see another \$20 million here and \$30 million there, but we will see incremental progress.

PRO-BONO LEGAL HELP FOR SOFT SECOND HOMEBUYERS

The Soft Second Loan Program has partnered with the Lawyers Clearinghouse for Affordable Housing and Homelessness and the Massachusetts Conveyancers Association to launch an exciting new program called the Soft Second Legal Services Program. The Program provides pro-bono legal assistance to low-income first-time homebuyers throughout the purchase process. Participating attorneys work with homebuyers to review Purchase & Sale agreements and represent the homebuyer at the closing.

The program will target Soft Second Homebuyers with household incomes of less than 50% of median area income. In Boston, this is equivalent to \$32,750 annually for a family of four.

MHP will maintain a list of participating attorneys to share with sponsoring agencies as requests come in. Prospective homebuyers can then go to the local sponsoring agencies to receive a Legal Services Income Eligibility Certificate and review the list of attorneys. The homebuyers call participating attorneys directly, and if the attorney is available to accept the case, they meet and begin.

The program is now available in the Boston area and will grow to offer these services across the state. For more information or to participate in the program, call Soft Second Staff at (617) 338-7868 or email legalservicesprogram@mhpfund.com.

INCLUSIONARY ZONING

MHP has been hosting a series of quarterly training sessions on inclusionary zoning. The peer-to-peer sessions are led by individuals who have had success in using inclusionary zoning to develop affordable housing. The first session was held in Waltham in September and was led by Roger Herzog, former Housing Director for

INTENSIVE COMMUNITY SUPPORT TEAM BRINGS NEW HOPE TO TROUBLED NEIGHBORHOOD



Greig Cranna

The focus of MHP's Intensive Community Support: Springfield's Franklin Street

MHP's Intensive Community Support Team, launched in January 2000, provides sustained, in-depth assistance to a small number of communities across the state. Their mission is two-fold. In high-growth, high-cost suburban communities, they support the construction of affordable rental housing, and in distressed urban neighborhoods, they promote faster, cheaper and higher impact strategies for rehab and in-fill housing construction. To date the team has worked with Springfield, Brockton, Haverhill, Westford and Amherst.

In Springfield, the team is focusing their efforts on the Lower Liberty Heights neighborhood, a small residential neighborhood of about 2,500 people located north of downtown Springfield. There the MHP team has been

working with the City and other organizations to reclaim a number of partially abandoned, distressed multi-family properties. With MHP help, the City of Springfield and the Massachusetts Housing Finance Agency issued a request for proposals to revive a 47-unit multi-family property that they had taken by foreclosure in 1999. They have selected a developer and plan to begin a combination of demolition, rehabilitation and new construction. Once funding is secured, the work will ultimately result in 103 rental units. Nearby the local non-profit Home City Housing is rehabbing its 88-unit multifamily housing building.

For more information on the program, contact Rita Farrell or Alice Wong at 617-338-7868.

the City of Cambridge and current Sr. Project Manager at the Community Economic Development Assistance Corp., and land-use attorney Edith Netter. The latest session was held in January in Arlington and focused on Barnstable County's recent court decision. The session was led by Waltham affordable housing advocate Marc Rudnick and land-use attorney Mark Bobrowski.

Visit www.mhpfund.com to find out about the next training session and for analysis on the Barnstable Court decision. Also posted are the reports *Zoning for Housing Affordability* by Philip B. Herr & Associates and *Inclusionary Zoning Guidelines for Cities and Towns* by Edith M. Netter & Associates. For more information, call Matt Engel at 617-338-7878, ext. 292.

VIEWS ACROSS THE STATE



Dorchester >

Clark L. Ziegler, MHP Executive Director, celebrates the groundbreaking at one of the four properties that comprise Dudley Terrace with Mayor Thomas M. Menino, Boston Housing Chief Charlotte Golar Richie, Resident Liz Tucker and Dorchester Bay Economic Development Corp. Executive Director Jeanne DuBois. Taken together, the properties, developed by the Dorchester Bay Economic Development Corp., provide 54 units of apartments affordable to residents at or below 60 percent of median income; 10 percent of those apartments are reserved for formerly homeless residents at 30 percent of median income.

MHP provided \$1.7 million in permanent financing. Additional funding came from federal tax credits, state and city HOME funds and the Massachusetts Housing Investment Corporation.



Cambridge

MHP Chairman Vincent P. McCarthy congratulates Peter Daly of Homeowners Rehab and other participants on the completion of Auburn Court. Located at University Park in Cambridgeport, the mixed-income project is the largest development of affordable housing built in Cambridge in over twenty years. Of the 137 new units completed in two phases, 91 will be rented at below market rates to low- and moderate-income families. MHP provided a total of \$8.8 million in permanent and bridge financing to the project.

Other guest speakers included Mayor Anthony Galluccio; Rep. Jarret Barrios; Cambridge City Manager Robert Healy; Robert Ebersole, Acting Director of the Mass. Department of Housing and Community Development; Joseph Henefield, Director of Equity Investments, Massachusetts Housing Investment Corp; Steve Marsh, Managing Director of Real Estate at MIT; Gayle Farris, President of Forest City; and Harry Johnson, II, President of Homeowner's Rehab, Inc.



< Springfield

Each year the Portfolio Management team tours MHP-financed projects in a designated city. This year in Springfield the team met with developer Paul Oldenberg to discuss his plans to develop properties on Belle Street in Springfield. The properties are part of the Intensive Community Support Project that MHP's Rita Farrell has been leading. They toured the Boston Road Mobile Home Park, one of two mobile home parks that MHP has financed, and four projects in the Armory-Quadrangle neighborhood. To date, MHP has provided financing for ten housing projects in Springfield.

Photographed at the Boston Road Mobile Home Park are (left to right) Portfolio Management Director Arthur Allen, Developer Paul Oldenberg, Tenant Association President Sue Nowakowski, Portfolio Manager Geoff MacAdie, Loan Administrator Maria Moran, Portfolio Manager Linda Hill, Portfolio Analyst and Operations Coordinator Derryl Dion, Portfolio Analyst Semih Pilof, Intensive Community Support Director Rita Farrell, and Portfolio Manager Cynthia Mohammed.

NEW @ MHP

WWW.MHPFUND.COM

Visit www.mhpfund.com to read the latest—not just about MHP's financing, homeownership and technical assistance programs—but about inclusionary zoning, technical resources to help your community, and about housing efforts that are happening around the state.

The new **Hi-Mass** database contains information on over 2000 affordable housing projects and technical assistance grants that have been rewarded to communities across the state by the major state housing agencies.

WHITE PAPER SERIES

MHP is commissioning a series of white papers focused on housing and economic issues and trends. The first in the series will explore factors affecting Massachusetts' high housing costs relative to other states. The paper will explore different factors that may contribute to the large differential in housing prices over the last five years.

Network is the newsletter of the Massachusetts Housing Partnership Fund, a public agency created in 1985 and financed by the banking industry to fund affordable housing and neighborhood development in communities throughout the Commonwealth.

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A. Paul Cellucci
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Clark L. Ziegler
Executive Director

Jill Mittelhauser
Editor

NEWS CLIPS

MHP Thanks Board Members Don McGowan and Jim Oates



James M. Oates



Donald J. McGowan

MHP sends its gratitude and best wishes to long-time Board members Jim Oates and Don McGowan who retired from the Board this year. Mr. Oates was an active member of MHP's Board for ten years. He is the former President and Chief Executive Officer of Newworld Bancorp, Inc. Mr. McGowan, who was also on the Board for ten years, was the founder, president and Chief Executive Officer of Flagship Bank & Trust Co.

At MHP Glennon Joins Staff

Dianne Glennon has joined MHP as a Senior Loan Officer. She was most recently a Vice President at Chase Manhattan's Community Development Corporation in New York, where she underwrote loans for the rehab and new construction of affordable housing and other community development projects. Prior to that, Ms. Glennon was a Vice President at Dime Savings Bank, where she managed a portfolio of rental and co-op apartment buildings in the New York area; she's also worked at Citicorp in their real estate groups in New York and Miami. Ms. Glennon has a bachelor's degree in civil engineering from M.I.T. and a master's degree from MIT's Sloan School of Management.

Promotions

MHP is pleased to announce the following staff promotions. **Thomas Beard** has been promoted to Loan Officer; **Darryl Dion** is now the Portfolio Analyst and Operations Coordinator; **Maria Moran** has been promoted to Loan Administrator; **David Rockwell** is the new Deputy Director of Lending; and **Cam Welch**'s new title is Loan Closing Coordinator.

Congratulations

Congratulations to Alice Wong and husband Karl on the birth of their son, Jack. Born on October 11th, he is their second child. His older brother, Will, is two years old.

MHP's Johnson Honored

MHP administrative assistant Renaan Johnson was honored by the staff and directors at Brookview House during their celebration of a decade of women's achievements and success.



Ms. Johnson is a former resident of Brookview House and was honored as a success story. She moved into Brookview House with her three young children in December 1995. While staying at Brookview she began attending classes and completed her associates degree in 1999.

The Brookview House is a supportive housing program for women and their children.

PARTNERSHIP PROFILE

A Cape Town in the News

In the affordable housing world, Barnstable has been making news by aggressively pushing the boundaries of what towns can do to create good, affordable housing—and with reason. Forty percent of Barnstable residents are low- to moderate-income, while only four and one-half percent of the town's housing stock is affordable.

"We've put together an affordable housing plan with the goal of building 1000 new affordable units over three years," stated Kevin Shea, the Community and Economic Development Director. "It's a four-part plan aimed at creating long-term affordability for our residents."

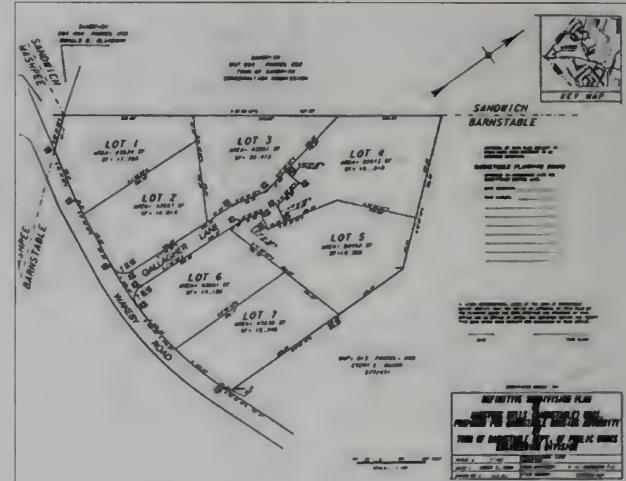
The plan aims to:

1. Develop affordable housing on three town-owned parcels; MHP provided technical assistance for preliminary analyses of the sites.

2. Acquire three additional un-developed parcels and one developed parcel, using public and private funding to develop affordable housing.

3. Use the town's Block Grant funds to create a revolving loan fund for individual property owners to make substantial improvements to their rental units. These rehabbed units must then be rented to families with incomes at or below 80% of median area income.

4. Create new affordable units through an amnesty situation, where property owners could legitimize their illegal accessory



Gallagher Lane, a 7-home affordable subdivision, will soon be built on land donated by the Barnstable Housing Authority.

apartments in exchange for renting them below fair market rents, or through a program that creates new units that previously weren't rented or would potentially have been illegal.

Taken together, these programs attack the housing problem from many angles and show the kind of innovation that other towns should be watching and emulating.



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Summer 2001
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HOUSING PARTNERSHIP

NETWORK

GOVERNMENT DOCUMENTS
COLLECTION

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Our Disappearing Middle Class

by Clark L. Ziegler, Executive Director

At first glance, the 2000 census tells good news about the economic success of Massachusetts residents. Households with annual incomes exceeding \$75,000 more than doubled over the past decade and now account for almost a third of all households in the Commonwealth. During the same period, the number of households with incomes below \$50,000 declined by nearly 20 percent. A rising tide appears to be raising all boats.

Yet rising incomes do not tell the whole story. The number of middle class households in Massachusetts — with incomes between 80 and 120 percent of the statewide median — actually declined during the 1990s while our

overall population was increasing. During the 1990s, our median household income also grew less than the rate of inflation, according to data compiled for MassINC by Northeastern University's Center for Labor Market Studies, meaning that a middle income family in Massachusetts has about ten percent less real income today than a decade ago.

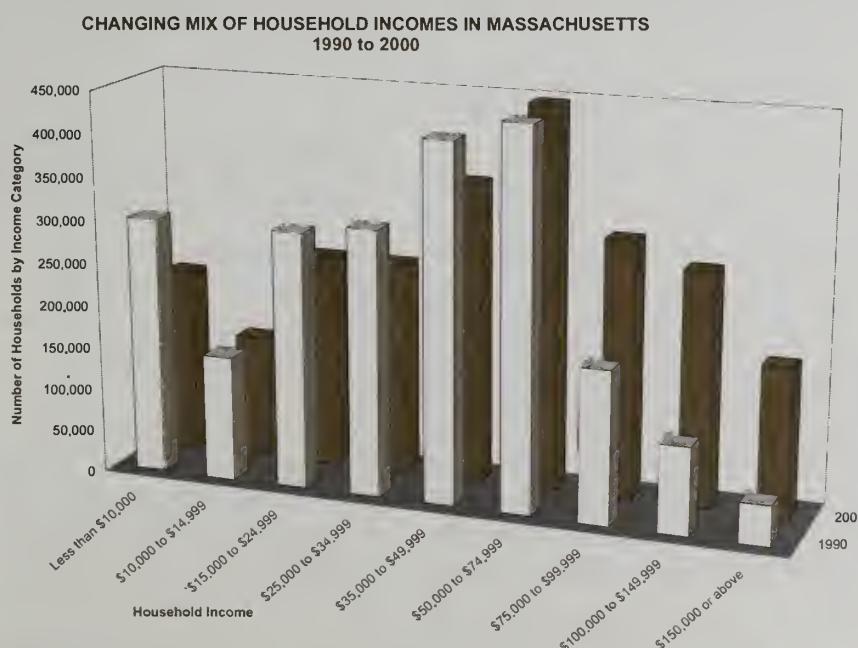
There is no question that the gap between "haves" and "have-nots" is widening. And one of the largest contributors to this gap is the cost of buying a home or renting an apartment in Massachusetts. Our housing costs are now the highest of any state in the country and our rate of new housing

production is among the lowest. MassINC found that the state's housing costs increased *four times faster* than household income between 1995 and 2000. A recent study for MHP by economist Edward Moscovitch found that about two-thirds of the extra cost of buying a home in Massachusetts is attributable to the lack of supply and to the difficulty of getting local approval for new housing.

There are two serious consequences if we fail to address this problem. First, we are putting the state's economy at risk because out-of-control housing costs make it difficult to fill jobs and discourage businesses from locating or expanding here. Hundreds of thousands of young college-educated workers have recently left the Massachusetts labor force for jobs in Rocky Mountain states and other parts of the country that have a lower cost of living. Second, we are threatening the social fabric of our communities and neighborhoods because people cannot afford to maintain their existing community ties or live close to their jobs or extended families. Many of us could not even afford to buy our own homes at today's prices.

We don't *have* to let housing costs drive people out of their own communities or keep young people away from Massachusetts. This is largely a problem of our own making and it is a problem we can solve.

Sources: Income data from U.S. Census Bureau is available at www.umass.edu/miser. MassINC/Northeastern studies are available at www.massinc.org. Ed Moscovitch study for MHP is available at www.mhpfund.com.



MATCH

MHP LAUNCHES NEW CREDIT ENHANCEMENT PROGRAM

MHP recently launched a program that will give owners of affordable multi-family housing permanent tax-exempt bond financing. Bonds are guaranteed with a letter of credit from the Federal Home Loan Bank, giving them a "AAA" credit rating and qualifying them for the lowest possible rates. The MATCH program is offered in partnership with Mass-Development.

The program targets developers of small-scale affordable housing developments. Developers seeking less than \$10 million have often had trouble getting affordable tax-exempt financing.

The program is targeted to non-profit developers, though for-profit developers may also be eligible. Projects must have at least 20 percent affordable housing to qualify.

The new MATCH program will offer borrowers credit enhancement for bond-financed rental properties in order to help reduce the financing costs for these projects. MHP may also offer the program with other bond-financing agencies.

For more information on the program, call Megan Magrane at 617-338-7878, ext. 269 or send your request by email to mmagrane@mhpfund.com.

MHP-Financed Project First to Use New Housing Trust Fund



DHCD Director Jane Gumble and then MHFA Executive Director Steve Pierce present a check to Worcester Common Ground's Mike Whelan as Clark Ziegler, Senator Harriet Chandler, Worcester City Manager Thomas R. Hoover and others look on.

Worcester Common Ground, a community-based non-profit, was the first to close on its award of \$251,820 by the state Affordable Housing Trust Fund. The project will result in 9 units of affordable housing for individuals and families in Worcester. The project is located at the edge of the Oxford/Crown Hill neighborhood and the Piedmont Neighborhood. The project involves the rehabilitation of two properties, including one property—98 Austin Street—which was severely damaged in a fire several years ago.

This property was targeted by the City of Worcester as a "problem property" and is on the City's 10 Priority Property List for rehab. MHP committed \$871,000 in permanent financing, the City of Worcester committed \$180,000, and the Massachusetts Housing Investment Corporation approved a \$250,000 construction loan. While all of the units will be affordable, one unit will be reserved for a household earning less than 30 percent of median area income.

Nehemiah Homes Model Comes to Greater Boston

Thanks largely to the efforts of the Greater Boston Interfaith Organization (GBIO), the Nehemiah Homes model that has had much success in New York will be implemented here in Boston. The plan is to build 1000 new 2-family homes in the Greater Boston area over the next five years. These homes will be sold to families earning between \$30,000 and \$45,000 annually who will in turn rent the attached unit to low- and moderate-income families.

To kickstart the program, GBIO members have raised \$5 million for a no-interest revolving loan. They are using this fund as a challenge to state and local officials to match their investment with subsidies for homebuyers and developable land.

MHP has committed to invest \$500,000 in the project in cooperation with the Massachusetts Association of Community Development Corporations.



WALKOVER COMMONS, BROCKTON

Beacon Properties is producing 80 new rental units in Brockton, just south of downtown. The new housing will reuse an abandoned property, razing the current building and building a new larger structure. The facade of the new building will resemble the former building, the Walkover Athletic Club.

Three of the apartments will be rented to families that earn 50 percent of median area income, and 48 will be reserved for families that earn up to 60 percent of median area income.

In addition to the \$3.3 million in permanent financing from MHP, the project is receiving financing from the City of Brockton and the State Department of Housing and Community Development.



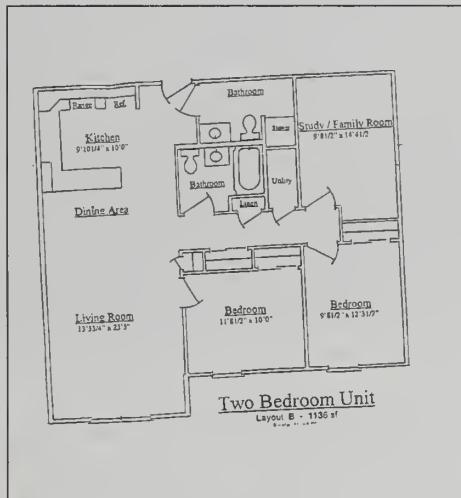
The verdict is clear: To successfully address the state's housing crisis, we need to produce new housing. MHP has responded by financing new production across the Commonwealth. These three recent projects alone will add 186 new rental units, 110 of them rented to families earning less than 65 percent of median area income.



HOWARD DACIA, DORCHESTER

As part of Nuestra Comunidad Development Corporation's ongoing effort to improve the quality of life on and around Blue Hill Avenue, the community group will begin construction on 14 new scattered-site duplex and triplex buildings in Dorchester. The result will be 26 new apartments affordable to families earning between 30 and 65 percent of median area income.

MHP is providing \$745,000 in permanent, fixed-rate financing. This is one of the first projects to receive funding from the new state Affordable Housing Trust Fund, and additional financing will come from the City of Boston, the Neighborhood Reinvestment Corporation, and tax credits through the state Department of Housing and Community Development. Construction financing is being provided by the Massachusetts Housing Investment Corporation.



WINDFIELD FAMILY APTS, HADLEY

This is the second stage of new construction by Amhad Development Corporations on 65 acres on the border between Amherst and Hadley. The first phase built 80 new units of affordable one-bedroom senior apartments. MHP provided \$1.7 million in permanent financing to that project which is nearing completion.

Windfield Family Apartments will add 80 new family apartments to the area. The project consists of three buildings and over 200 parking spaces. Over 40 percent of the mostly 3-bedroom apartments will be reserved for families who earn below 60 percent of median area income, three of those will be rented to families who earn up to 50 percent

of median area income.

MHP provided \$5.4 million in permanent financing to support the housing. Additional financing is being provided by the state Department of Housing and Community Development, Massachusetts Housing Investment Corp. and the State Affordable Housing Trust Fund.

PAUL DOUGLAS

Franklin County Regional Housing and Redevelopment Authority (HRA)

Franklin County is the state's most rural county. Housing out here may seem more affordable when contrasted with the Boston market – but relative to our region's economy there is still an affordability gap for our residents. Our rental market is very tight and there is a lack of quality affordable rental units in the few communities with public transportation, jobs, and services. Only six of our 26 communities have town centers with some commercial and retail diversity. The geography, terrain, weather, and many miles of dirt roads makes for some very long and costly commutes to get to work, visit a doctor, shop for groceries, etc.

Our residents' needs are probably similar to those of folks in smaller communities throughout the state. Affordable home ownership, resources to rehabilitate older homes that have obsolescent systems and are not code compliant, affordable rental housing, and special needs housing. We have a high percentage of senior citizens in Franklin County and an acute need to develop more housing options that will enable them to continue to remain active and vital in their respective communities.

In a rural region with limited to no public infrastructure, scattered-site, small scale developments are more the norm. Yet small-scale projects are every bit as time consuming and complex to develop as are larger scale developments yet with fewer units to absorb the costs.

MHP and the Community Economic Development Assistance Corporation (CEDAC) are two organizations that are responsive to the housing needs of rural regions like ours. Both have the desire



THE OTHER MASSACHUSETTS

Much attention has been paid to the affordable housing crisis in Greater Boston. But what about the rest of the state? We asked three housing officials in western Massachusetts to describe the housing dynamic in their region, and we learned that the housing needs are great, but the challenges are very different than those in eastern Massachusetts.



Paul Douglas
Franklin County



Kathleen Lingenberg
Springfield



Peter Lafayette
Berkshire County

and the flexibility (in their funding and policy) to make our developments successful. And the technical assistance that each provides to help us assess a project's feasibility and then to carry it forward to successful completion has been most helpful.

KATHLEEN LINGENBERG

Springfield Housing Director

Springfield's market is basically affordable, with over 16 percent of our rental market considered affordable.

Average rents for quality apartments are in the \$450-\$600 range. Our housing values make homeownership a possibility for low- and moderate-income families because median sales are low-- in the high \$80,000s. The housing values in Springfield are so attractive for homebuyers that we currently suffer from a lack of available stock across all income levels.

With the expansion of affordable mortgage products and an affordable stock, getting folks into their homes is relatively easy. Our challenge is insuring that their ownership is sustainable. Springfield has some stunning historic properties as well as larger homes; these properties are often costly to maintain.

Because homeownership is within reach for most of Springfield's residents, Springfield has become a hot bed of sub-prime lending. We regularly receive reports of mortgage brokers canvassing door to door in lower-income neighborhoods promoting high-cost, high percentage products. The statistics on

sub-prime lending in Springfield are staggering, and controlling that is a challenge that we take very seriously.

We also need to put distressed property back "on line". Both for the positive

impact on the surrounding neighborhoods as well as to address the lack of stock available for able buyers. The limited number of development entities familiar with federal funds and able to compete at the state level for HOME funds further complicates this challenge.

I'd like to see the state pass tax title reform legislation and create tax credits for homeownership. In general, we need housing resources that achieve housing rehabilitation without strict income-eligibility. Financially assisted properties sell for their appraised value

CONTINUED ON PAGE 5

so there is no financial benefit to the subsequent buyer. Yet, the sale is restricted and the property is deed restricted. The state should consider a neighborhood stabilization fund, with expanded eligibility as a mechanism to encourage higher income households to return to the urban neighborhoods.

PETER LAFAYETTE

Berkshire Regional Housing and Development Corporation

There are really two different dynamics in Berkshire county-- in Pittsfield, there is an excess of housing that is in bad shape. There are over 60 vacant multifamily buildings. In the southern Berkshires, it's a very tight and expensive housing market due to the active tourist industry and the million dollar second homes that are being built. Incomes for the service industry are low and consequently, there is a gap in what it costs to build housing and what rents can be charged.

One type of program doesn't work for these two different challenges. We are working on a tax credit deal in Pittsfield and a comprehensive permit application for a for-sale housing project in Great Barrington. In Lee, we're hoping to renovate an old grammar school into housing, possibly other uses. MHP is providing technical assistance on that.

We're trying a variety of approaches here, but it's not easy because both dynamics offer unique challenges and require very different approaches. All of the approaches require money that is becoming increasingly scarce.

INCLUSIONARY ZONING PUBLICATION

MHP will produce with the National Housing Conference a series of inclusionary zoning essays written by land-use experts and community leaders. The publication will be released in early fall. For more information, call Rus Lodi at 617-338-7878, ext. 227.



MHP's Intensive Community Support Team Helps Westford

MHP's Intensive Community Support Team provides sustained, in-depth assistance to city and town officials who are trying to produce affordable housing. The team's approach is responsive to the economy of the particular community, and Westford is one of the high-cost communities where the team has been recently focusing its efforts.

The team began working in Westford after the Westford Housing Authority approached MHP for help to develop units on housing authority land. At the same time, the Town of Westford was in the process of drafting a new mill overlay zoning bylaw requiring that 15

percent of the units be affordable. The bylaw was approved last year.

The first development to be effected by this bylaw is Brookside Mill, a town-owned, vacant structure, that is being converted into 35 condominiums. Under the current plan, six of those will be affordable—three first-time homebuyer units and three rentals. MHP is working with the Town and the developer to structure the affordable housing component, negotiate the sale of the property, apply for subsidies and coordinate efforts with the Housing Authority to add the rental units to their portfolio.

Inclusionary Zoning Session Draws Local Officials

MHP wrapped up a series of peer-to-peer training sessions this spring. The sessions were designed to bring together community leaders in the process of considering inclusionary zoning. The most recent session was moderated by land-use attorney Mark Bobrowski and Waltham housing advocate Marc Rudnick, pictured at right. The session acted as a hands-on guide that outlined the steps to passing and implementing inclusionary zoning.

Bobrowski focused on bringing developers to the negotiating table. He suggested involving developers early in the process by getting their input while drafting the ordinance or bylaw. It results in a better policy, and the developers will be more apt to promote it themselves. He suggested including incentives that allow special permits to be issued for added density and other adjustments in exchange for affordable housing units.

Rudnick provided this advice for cities and towns: know your zoning—have someone read and understand the entire ordinance or bylaw; work the politics of your town—this may be the most important step because if done well, it buys everyone into the process; follow the process through to the end—make sure everyone remains on the same page; and pay attention to the timing—don't schedule hearings at busy holiday times when support will be hard to organize.





MHP's Clark L. Ziegler joined Boston Mayor Thomas M. Menino, Charlotte Golar Richie and others in celebrating the opening of new housing for single persons, renewing a commitment to

Preserving Endangered Housing

preserve and protect this increasingly scarce housing type.

The affordable housing crisis in the state has had particular impact on those with the least ability to pay. Single person housing, the housing that typically meets the needs of those at the lowest end

of the income scale, has been rapidly disappearing from the urban landscape. According to an October 2000 report released by the state's Executive Office of Administration

and Finance, Massachusetts lost 96 percent of its single person housing units between 1965 and 1985. This is the largest drop in the country.

MHP is the primary lender in the state of affordable single person housing. Having financed almost 1500 units statewide and 500 units in Boston, MHP has invested over \$20 million on the production of single person housing.

The new housing at 28 Mt. Pleasant Street is funded through a partnership between the City of Boston's Department of Neighborhood

CONTINUED ON PAGE 7

Governor Swift & Mayor Menino Celebrate The Opening of "Siochain"

Siochain, named for the Gaelic word for peace, is one of four MHP Single Package Financing Demonstration projects aimed at reducing soft costs for small, complex projects. The Siochain II project in East Boston is a complete gut rehabilitation of two abutting buildings that now share a common basement. The project produced a total of ten apartments affordable to low- and moderate-income residents. 115 Everett Street, a three-story building that had previously been ten small units—only 3 of which were occupied—has been converted into six spacious units: one 1-bedroom, three 2-bedrooms, and two 3-bedroom apartments. 376R Sumner Street, a two-story former bakery that had been abandoned for several decades, has been converted into four units—two 2-bedrooms, two 3-bedrooms.

MHP provided \$1.4 million in permanent financing for the project.

The City of Boston, the Neighborhood Reinvestment Corporation and Boston Community Capital provided additional funding. MHP also provided technical assistance for an engineering study early in the project.

Pictured at top right (left to right) are MHP Chairman Vincent P. McCarthy, DHCD Director Jane Gumble, Governor Jane Swift, NOAH Executive Director Philip Giffey and MHP Deputy Director/General Counsel Judy Jacobson. Boston Mayor Menino addresses supporters below.



Development and MHP called "Hidden Assets." The program streamlines the funding process for developers of affordable multifamily rental housing in Boston, saving them time and money so that they can be more competitive in acquiring properties.

The 28 Mt. Pleasant Street rehab, sponsored by Caritas Communities, represents a strategic investment in a building which is located next to a playground and is one of the last unrenovated buildings in the historic neighborhood. Its rehab has resulted in 20 affordable single-person apartments. Two units will be set aside for formerly homeless individuals. Construction financing was provided by the Massachusetts Housing Investment Corporation.

Network is the newsletter of the Massachusetts Housing Partnership Fund, a public agency created in 1985 and financed by the banking industry to fund affordable housing and neighborhood development in communities throughout the Commonwealth.

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Jane Swift
Governor

Jane W. Gumble
Director of the
Department of Housing and
Community Development

Vincent P. McCarthy
Chairman

Clark L. Ziegler
Executive Director

Jill Mittelhauser
Editor

NEWS CLIPS

Ziegler Appointed to Housing Finance Panel

MHP Executive Director Clark L. Ziegler was recently appointed by Boston Mayor Thomas M. Menino to a Housing Finance Blue Ribbon Panel. The new panel was formed to generate new housing finance options that support the construction of market-rate and affordable housing. The panel is chaired by Nic Retsinas, director of Harvard's Joint Center for Housing Studies, and Jay Sarles, vice chairman at Fleet Bank.

Soft Second Turns 10!

Florence Hagins, the first Soft Second Homebuyer, and Tom Callahan, the executive director of the Massachusetts Affordable Housing Alliance, celebrated the tenth anniversary of the first Soft Second mortgage (shown below with Robert Sheridan, president and CEO of Savings Bank Life Insurance). The



Don West

black-tie event was held at the John F. Kennedy library and drew 350 supporters including Congressman Barney Frank and House Speaker Thomas Finneran. In the ten years since Florence closed on her mortgage, over 5,000 families have become first-time homeowners through the program statewide.

Staff News

Nicole Verno joined the Portfolio Management Team this spring as an administrative assistant, and Allister Greenidge is new to the Soft Second group as a program assistant.

Two new staff will join MHP in September. Ruston F. Lodi will be MHP's new Director of Public Affairs. Rus was editor-in-chief of four daily and 22 weekly newspapers published by Community Newspaper Co., Inc., including the award-winning Metrowest Daily News. Constance J. Huff is MHP's new Portfolio Analyst. Connie comes to MHP from the Salem Five; she previously worked for many years at Fleet/BankBoston.

MHP is pleased to announce that Cynthia Mohammed has been promoted to Portfolio Manager, and Wendy Hanna Cohen is now a Senior Loan Officer.

Congratulations also go out to Wendy on the arrival of Julianose Sadie Cohen, born on March 23rd. Heather Hennessey celebrated her wedding to Tim Whelehan on June 23rd this year. Elizabeth O'Neal gave birth to Isabel Marie O'Neal, and Mildred Caban celebrated her wedding in July.

MHP said good-bye to Gulshan Chaudhry, staff accountant, Derryl Dion, Portfolio Analyst and Operations Coordinator and Jill Mittelhauser, Communications Director. Gulshan left MHP this summer to go to graduate school, and Derryl accepted a research position with the State Fire Marshal. Jill relocated to Chicago.

PARTNERSHIP PROFILE



HOUSING AMHERST: MORE THAN AN ACADEMIC EXERCISE

The Amherst Housing Partnership and Fair Housing Committee has revved up its efforts to build affordable housing, according to Connie Kruger, the Town's Senior Planner. In response to skyrocketing housing prices, the committee has taken proactive steps to learn the ins and outs of zoning, and authored a report on changing local property values.

Recently the committee had a joint meeting with the Amherst Housing Authority that resulted in a letter to UMass. The letter asked for help in addressing the Town's housing crunch. "The students double, triple and quadruple up to rent an apartment, and that raises the housing costs," Kruger said. "Working families can't really



This farmhouse is slated for renovation into two apartments as part of a larger complex with 24 additional units.

compete with that."

UMass can house about 11,000 of its 24,000 students on campus, and about 7,000 students are living in off-campus apartments, Kruger said.

The committee is also supporting a project, Butternut Farm, that would add two units of housing in the farmhouse pictured above, and 24 units in three new buildings on the farm's four-acre property.

HAP Inc. of Springfield, Ma., is the developer.

MHP provided \$5,000 to HAP in order to secure site control of this farmhouse. MHP staff is working with the town and the developer on the permitting process. The project cleared a major hurdle on Sept. 7 when the Zoning Board of Appeals, by a 2-1 vote, granted the developer a comprehensive permit.



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HOUSING PARTNERSHIP

NETWORK

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In Massachusetts, money just part of the housing story

By Clark L. Ziegler
MHP EXECUTIVE DIRECTOR

We all know the story of Massachusetts housing prices in the 1990s. It now costs more to rent or purchase a home here than almost anywhere else in the country yet our rate of new housing production is among the lowest.

According to June 2002 federal data, the cost of buying a home has risen faster in Massachusetts than any other state. While home prices increased 71 percent in the U.S. as a whole since 1980 they increased by 310 percent in Massachusetts. The rental situation is hardly better. The federal Department of Housing and Urban Development reports that Eastern Massachusetts is now the fourth most expensive place to rent

have already induced hundreds of thousands of young, college-educated workers to leave the region for jobs in lower-cost areas.

Some of this housing cost and housing production gap results from a lack of public funding. In the wake of recent budget cuts, state spending on housing and community development could soon be at a 20-year low, with much of the impact falling on those at the lowest end of the income scale.

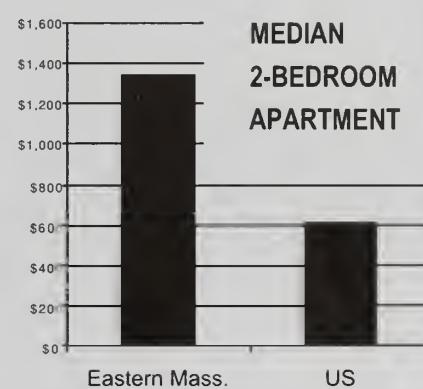
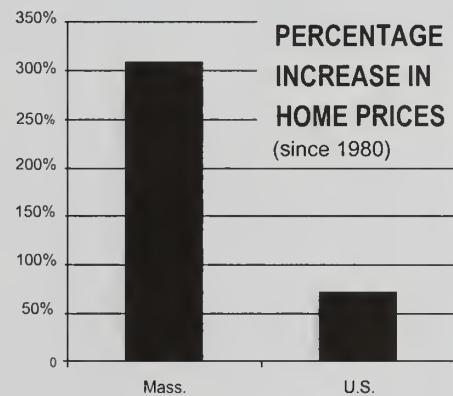
But money is only part of the story. A significant part of our housing supply problem results from decisions at the city, town or neighborhood level. Governor Swift has made these issues a legislative priority and deserves credit for trying to make them a focus of public debate. Let's hope that these issues continue to get serious attention – and not just lip service – during this year's gubernatorial campaign. Toward that end, here are a few major changes we ought to consider:

Keep the action local. Strong county and regional government has been a major force in shaping and regulating development in other parts of the country, and there are some who suggest that we impose some form of regional land use control in Massachusetts. This might make perfect sense in theory, but it runs completely contrary to our state's history.

Keep most decisions local and change the rules

an apartment in the U.S. Our rents are more than twice the national median and out of 356 metropolitan areas we rank behind only San Francisco, San Jose and Stamford, Connecticut.

Housing prices have also became a major drag on the state's economy and, according to groundbreaking research by MassINC and Northeastern University,



A far better approach is to keep most decisions local and change the rules, through reform of the state zoning act, so that communities cannot use their zoning powers to protect narrow local interests while thwarting the interests of the commonwealth as a whole. In the spirit of home rule, cities and towns that provide affordable housing, allow for a range of housing types and land uses, and encourage smart growth should be given more control over their destiny and more discretion over land use planning, not less.

CONTINUED ON PAGE 4

JP residents celebrate Pondview renovation

Tenants mark effort to keep apartments affordable

It's a classic tale in a boom real estate market. Apartments that are affordable can be rented for a lot more and long-time tenants are suddenly faced with finding another place to live.

It didn't happen at Pondview Apartments, located in the heart of this desirable Boston neighborhood. Instead of being turned into market-rate units for young professionals, the apartments were renovated and remained affordable. Earlier this winter, longtime tenants braved the cold in the front courtyard to celebrate the renovation of the place they call home.

"We were so relieved and so very happy when we knew we were going to keep our homes," Gloria Rosario told the *Bay State Banner*. "I have three children and they grew up here all their lives. They would have had to change schools. Maybe I would have had to change jobs."

Rosario and the 59 other families at Pondview didn't have to change a thing because the Jamaica Plain Neighborhood Development Corporation (JPNDC) got the support of residents and convinced longtime owners, the Malloy family, to sell the building to them. The JPNDC then worked to find the public and private funds necessary to buy the building, renovate it and keep it affordable.

"We knew that if we stuck together, we could do it," said Richard Thal, executive director of JPNDC. "Our message to the business community was 'if we lose these 60 families, we lose our neighbors.' "

The Massachusetts Housing Partnership Fund played a role in enabling JPNDC to buy the building. Presented with the proposal in the fall of 1999, MHP gave quick approval to the loan, enabling JPNDC to close by the end of 1999,



MHP provided \$3.2 million in permanent financing for the purchase and renovation of Pondview (above). At right, MHP's Mark Curtiss speaks at the grand opening, as JPNDC's Richard Thal looks on

thereby qualifying them for key tax credit financing necessary to keep the apartments affordable.

"This is one of the most special properties we have financed," MHP Director of Lending Mark Curtiss told residents at the Dec. 15 ceremony. "We had to do things we had never done before."

Pondview is an example of what's called "expiring use," a common phenomenon in affordable housing. Technically, Pondview is a product of a federal program called Section 236, which is designed to provide low interest rate financing for affordable housing.

Section 236 mortgages are issued with 40-year terms, but developers have the right to prepay out of the program after 20 years. As a result, many Section 236 properties like Pondview – 20-plus year-old apartment buildings in desirable neighborhoods with rising rents – are in danger of being lost to the market. Pondview was in danger of being lost in 1999 before the JPNDC entered the picture.



MHP, which specializes in refinancing these types of "expiring use" properties, provided permanent financing of \$3.2 million to the project. The City of Boston, the state Department of Housing and Community Development, the Massachusetts Housing Investment Corporation and the U.S. Department of Housing and Development provided additional financing.

"This couldn't have happened without community and public support," said JPNDC's Thal. "That was a huge first step. But then we had to turn around and get financing quickly because the owners had other offers. MHP's enthusiasm for the project and willingness to work hard to get the approvals they needed was an important ingredient in this effort."

MHP helps Acton group save school

Housing considered

Reuse of school buildings has been one method in which towns have been able to provide housing and Acton recently voted not to demolish an old school, clearing the way for a local group to keep studying the site for affordable housing.

Over 800 people turned out for the April Town Meeting to discuss the fate of the 77-year-old Towne School. Residents ultimately voted not to demolish the building, 467-342.

The Acton Community Housing Corporation (ACHC) spearheaded the drive to convince voters to consider the school for housing, and turned to MHP's Intensive Community Support Team to help its efforts.

MHP provided early staff advice and guidance as to how to reuse the school for housing. MHP then hired housing consultants Ed Marchant and Phil Hersko to assess the feasibility of building mixed income housing at the school. The consultants' report was part of the presentation at town meeting.

MHP will continue to work with the ACHC on developing an affordable housing financial plan, and in the process of selecting a developer.

MHP's Intensive Community Support Team provides sustained support to cities and towns to help them develop affordable housing. It recently aided town officials and a developer in neighboring Westford with a bylaw and development plan to turn existing mill buildings into affordable housing.

For more information about MHP Intensive Community Support Team, call 617-338-7868



Once licensed as a 26-room boarding house with a capacity of up to 34 people, Aunt Sarah's has been renovated into a mixture of one-bedroom, studio and single room apartments within walking distance of downtown Hyannis.

Hyannis lodging house reopens as apartments for single working people

With the summer tourist wave about to hit Cape Cod, and demand for housing at an all-time high, badly needed affordable housing for single working people has opened near downtown Hyannis.

Aunt Sarah's Place, a longtime boarding house across the street from the ferry to Nantucket, now features five single room apartments, three studio apartments and four one-bedroom apartments. All units are affordable.

The Barnstable Housing Authority purchased the property in 2000. With the total renovation inside and out now complete, 80 percent of the units are already leased. Project-based Section 8 rents are \$763 for one bedroom, \$569 for studios and \$513 for single rooms. Prior to the BHA purchase, Aunt Sarah's had been a licensed boarding house dating back to the 1950s, with 26 rooms and a capacity to house 34 people.

"We feel we'll have no difficulty renting the units here," said Tom Lynch, executive director of the Barnstable Housing Authority. "One of the longest lists we have is for single working people who are looking for housing. And this is the first property we have that serves single working people."

First tenants moved in the week of April 15. Among them were a nursing home worker who can walk to work, and three tenants who work in retail in the downtown area.

According to Nancy Travarto, co-owner of the Nantucket Trading Co., a kitchenware store in downtown Hyannis and Falmouth, the housing is much needed. "More affordable housing for the Cape Cod workforce is needed," said Travarto, who has been a retailer on the Cape since 1983. "Units like Aunt Sarah's Place make that much more affordable housing available for potential employees."

The Massachusetts Housing Partnership Fund provided a predevelopment loan to help determine the project's feasibility and direction, and is providing \$726,000 in permanent financing. Additional financing came from County HOME funds (\$70,000), a town Community Development Block Grant (\$40,000) and from the Barnstable County Rental Fund (\$50,000).

MHP is one of the state's leaders in financing single-room apartments, with over 30 loans covering over 1300 units in 27 communities across the state. Of these units, MHP requires that 919 of the units remain affordable.

28 new units of affordable housing open in Falmouth

MHP took part in opening ceremonies of the Gifford Street Housing and Human Services Campus recently.

MHP provided the bulk of the project's long-term permanent financing, \$1.8 million out of \$2.2 million. "We very much wanted to do this," said Deputy Director and General Counsel Judy Jacobson before the March 21 opening ceremony. "This was about building new affordable housing units."

The campus features 28 units of new affordable housing, spread across seven buildings. Clients of the state's Department of Mental Retardation will occupy approximately 10 of the units. The campus will also be the home of the Falmouth Service Center, which operates the town's food pantry and recycling center. It's hoped that some of the campus residents will work at the service center.

Future plans for the site include a gym that will serve as a home for local Police Athletic League programs.

"This is a completion of a dream," said Robert Murray, executive director of the Falmouth Housing Authority. "It's nice to bring all these agencies together."

Murray is credited with putting the campus together. It was his idea to link the missions of the Falmouth Housing Corporation and the Falmouth Service Center and put them on one site. Murray is president of both organizations' boards.

Citizens Bank was the housing project's construction lender on behalf of the Cape Cod Affordable Housing Loan Consortium. Land acquisition was financed by Falmouth Bank.

MHP's role was to provide a quick answer on the permanent financing. Murray approached MHP in the spring of 2000 and received a commitment in July.

Grand opening in Cambridge



Members of MHP's staff joined other project leaders for the grand opening of Neville Manor of Fresh Pond, a 71-unit affordable assisted living facility. Pictured from left are project developer David Ennis, President of Affirmative Investments; MHP Deputy Director and General Counsel Judy Jacobson; Daniel Wuenschel, Executive Director of the Cambridge Housing Authority; and David Rockwell, MHP Deputy Director of Lending. MHP is providing \$3.4 million in permanent financing. For more information, go to www.mhpfund.com.

In Massachusetts, money is just part of the housing story

CONTINUED FROM PAGE 1

Support young people and families. The young, educated, mobile workers we need to drive the future growth of our economy can barely afford to live in Massachusetts and have strong incentives to pursue careers elsewhere. At the same time, state fiscal policy encourages a strong anti-family bias in most cities and towns, who are afraid that local tax revenue from family housing is not sufficient to pay for the cost of public education and other local services. The state needs to send the right message by making local aid neutral — or even by creating local fiscal incentives for the development of modestly-priced new housing for families. There should be no excuse whatsoever for local policies that effectively tell young parents and children to go live somewhere else.

Hold each other to higher standards. The state needs to end its addiction to single-family homes, and particularly trophy homes on large lots in the suburbs. Attached multifamily housing — particularly in city and town centers — is

"smarter" growth from a planning and economic point of view and is often the most affordable. In Massachusetts our production of multifamily housing has dropped to just a third of the national rate per capita; the vast majority of our cities and towns are not granting any permits for multifamily housing, even so much as a two-family home. Even in larger cities, it is typically difficult or impossible to build housing at the same density as existing neighborhoods. The state zoning act ought to expressly require that every city and town achieve a reasonable balance between single-family and multifamily housing and allow reasonable densities in town, village and neighborhood centers.

Great things could be accomplished in Massachusetts if we take a hard, fresh look at our housing, zoning, and land use policies. These changes will only happen, though, if we get sufficiently outraged about the way things are today and if we demand that our leaders rise to the challenge.

250 attend MHP conference aimed at helping towns boost housing

How to keep housing units affordable long term and educating the public on the need for housing were two key issues raised at the MHP housing conference, held June 13 in Marlborough.

Over 250 public officials and housing advocates attended the conference, aimed at helping local officials develop their own affordable housing.

Speakers representing towns like Westford, Barnstable and Bedford discussed how they were able to create housing by educating the public, changing zoning laws and seeking technical assistance from organizations like MHP to get projects started.

MHP staff also presented a slide show of community-developed housing.

Jane Wallis Gumble, director of the state Department of Housing and Community Development urged communities to create a variety of housing, instead of primarily "houses with three-car garages."

MHP Executive Director Clark Ziegler moderated a Q&A session in which housing advocates asked questions about issues such as maintaining long-term affordability and how to build public support for housing.

MHP web site is re-designed

MHP re-designed its web site earlier this year. Key features include a new front page that can display and link to new content on the site. In addition, many of MHP's documents and publications are now online.

The site is geared to outline the wide range of roles MHP plays in promoting and developing affordable housing, from predevelopment to rental financing to home ownership programs to community strategies. For more information, go to www.mhpfund.com.



The Beacon-Oread project included the construction of these three, three-family homes on what were once vacant lots.

Beacon-Oread project dedicated in Worcester; 34 units of affordable housing are created

The Main South Community Development Corporation recently celebrated the creation of 34 affordable housing rental units at the crossroads of Beacon and Oread streets.

The project included the construction of three multi-family homes and the renovation of four abandoned buildings. Six of the buildings are finished and tenants have moved in.

The project was financed through a \$2.5 million construction loan from the Massachusetts Housing Investment Corp.; \$3.77 million in equity raised from sale of tax credits by MHIC; \$660,000 in permanent financing from the Massachusetts Housing Partnership; \$430,000 in state HOME funds; and \$482,000 in city HOME funds.

At opening ceremonies, MHP Executive Director Clark Ziegler praised the Main South CDC and its executive director, J. Stephen Teasdale for tackling the scattered site project. "What the Main South CDC has done is the hard stuff. They've taken on buildings that were in rough shape and rebuilt the fabric of the neighborhood," he said.

Said Teasdale, whose development group had previously renovated two other homes in this rundown

neighborhood, "A neighborhood is a little bit like a set of teeth. Once one rots, pretty soon you have a whole row of bad teeth. If we did just one building, we weren't going to succeed."

The project is the fifth collaboration between Main South and MHP since 1997, with loans totalling nearly \$2.2 million and 100 units of affordable housing created.



MHP Executive Director Clark Ziegler praised the Main South CDC for tackling the tough job of rebuilding a neighborhood.

Attorneys honored for helping homebuyers

The Massachusetts Housing Partnership Fund has recognized two attorneys from the law firm of Hill & Barlow for helping low-income families purchase their first home.

Steve Nolan, member of the Real Estate Practice Group, received an award for Hill & Barlow's decision to provide free legal representation to low-income families buying homes through MHP's Soft Second Loan Program.

Hill & Barlow announced that its Real Estate Group would provide an extended commitment of free legal services to low-income families buying homes through MHP's mortgage program.

"When we first started talking about this, the most we thought we could do was get a few attorneys," said MHP's Deputy Director and General Counsel Judith Jacobson in presenting the award. "But they took it a step further and rounded up all the associates. When the time came, they thought big and acted big."

"First-time homebuyers in this program are devoting all their resources to buying their house," said Nolan. "These can be pretty complicated transactions. We will work with them throughout the process to solve any problems so they can close on their home."

Hill & Barlow attorney Hannah Kilson also received an award for her pro bono efforts in helping a family with all the legal steps involved in purchasing its first home.

Also honored for his pro bono work on behalf of first-time homebuyers was Rudy Perkins of Ropes & Gray.

The event took following a training session for lawyers who've offered to participate in MHP's Soft Second Pro Bono Legal Services Program. The event was held at Hill & Barlow and was co-sponsored by the firm and MHP.



Among those participating in the educational program for first-time homebuyers at Fleet bank locations in Boston were, from l-r, David Taglieri, Dora Burton, Dolores Adigabe, MHP's Heather Hennessey Whelehan, Lisa Lasch, Andrew Terret, Reggie Fagan and Ken Williams.

MHP, partners hit the road to tout first-time homebuyers program

Four "Soft Second Saturdays" have been held in Boston, offering the opportunity for home buyers and local real estate brokers to learn more about one of the city's leading mortgage programs for first-time homebuyers.

The sessions at Fleet Community Bank branches at Dudley Street and Codman Square discussed the Soft Second Mortgage Program, which allows qualified first-time homebuyers to increase their purchasing power by approximately 20 percent.

Fleet Mortgage Boston Loan officers made the presentations in English and Spanish. They explained mortgage basics, Soft Second qualifying guidelines and the benefits of the program in comparison to other mortgage products.

"The sessions exceeded our expectations," said Andrew Terrat, a mortgage sales manager for Fleet Boston. "It was gratifying to see the energy and excitement of potential homeowners because of the power of this product."

MHP and its Soft Second community and banking partners have offered

similar introductory programs around the state. Since the Boston events, MHP has held sessions in Quincy, Danvers, and Worcester. Upcoming sessions are scheduled in Fall River and Taunton.

The Soft Second program was created following a 1990 study citing racial disparities in mortgage lending in Boston. Since then, over 2,300 minority homeowners in the Boston area have purchased a home through the program, making it one of the single largest contributors to minority homeownership in Boston.

The program was developed in 1989 by MHP in collaboration with the Department of Housing and Community Development (DHCD), participating banks and community groups. Today, it is a partnership product offered by MHP, DHCD, the Massachusetts Affordable Housing Alliance (MAHA) and participating banks such as Fleet.

Statewide, the program has financed nearly 6,000 first-time homebuyers with an average income of \$38,000.

Promotions, new staff at MHP Fund

Wendy Hanna Cohen has been promoted to Senior Loan Officer. This reflects her considerable contributions to MHP over the past three years, especially in developing MHP's lending for the preservation of expiring-use properties.

Megan Magrane has been promoted to Assistant Loan Officer. In her new role, she will oversee the funding process, assist loan officers in marketing programs and underwriting loans, track lending activity and provide content for MHP's internal and external web sites.

Josh Berlinsky has joined MHP as Assistant Legal Counsel. Previously, he was a real estate associate at Goulston & Storrs from 1999-2001. He is a graduate of Colgate University and the Northwestern University School of Law. He began his career as a real estate associate in Chicago at D'Ancona and Pflaum from 1997-1999.

Carole Spear has been promoted to Finance Administrative Assistant. Carole had assumed many of the duties before this and the promotion recognizes the excellent work she has done for the finance department.

Semih Pilosof has been promoted to Assistant Portfolio Manager. For the last year, he has, with distinction,

simultaneously managed loans and provided analytical support. With this promotion, he will transition to the exclusive management of an enlarged portfolio.

Nicole Verno has been promoted to Portfolio Analyst/Loan Administrator. This recognizes Nicole's mastery of loan administration tasks and her recent assumption of analytical support duties. The "split identity" of her job is intended to allow much deserved job enrichment.

Constance Huff has been named Portfolio Analyst/Operations Coordinator. This change recognizes her expanded duties in administration as well as portfolio analysis. Her new duties draw on her extensive experience in loan support, legal support and real estate loan administration.

Camilla Kemp has also joined MHP. She began as a secretary/receptionist and has since joined the Soft Second Loan Program for first-time homebuyers, where she is a clerical assistant.

Ivette Ortiz has joined MHP as a Secretary/Receptionist. She was previously employed as a nutritionist/dietary Aide at Brigham and Women's Hospital.

Patricia Josselyn has joined MHP as an Administrative Assistant. She was

previously employed as an administrative assistant to the Director of Executive Search at CMGI.

Roopa Karpe has joined MHP as a Lending Assistant. She is a 1990 graduate of the University of Bombay, with a bachelor's degree in Commerce and Accountancy. She has worked in the banking industry for nine years, most recently as a commercial lending assistant at Citizens Bank.

Connie Kruger has joined MHP as Program Manager for the Community Assistance Program. She has been the senior housing planner for the town of Amherst for the past 15 years and has a wealth of experience in implementing affordable housing strategies at the community level.

Tatiana Xenelis has joined MHP as a Program Associate for the Community Assistance Program. She has masters degrees in business and social work from Boston College.

Zoning book available

BOSTON – MHP and the National Housing Conference have released a study entitled "Inclusionary Zoning: Lessons Learned in Massachusetts." To obtain a copy, go to www.mhpfund.com or e-mail rlodi@mhpfund.com.

MHP staffer honored at Statehouse



Soft Second Mortgage Program loan coordinator Debbie Clarke, second from right, was honored for rising from homelessness to homeowner at the Mass. Community Action Program's fifth annual Self-Sufficiency Awards luncheon. Along the way, Clarke received a degree from UMass-Boston. Pictured with her are (l-r) James Canavan and Iciar Moreno-Bacon of Community Teamwork Inc., and State Rep. James Fagan (D-Taunton).

Network is the newsletter of the Massachusetts Housing Partnership Fund, a public agency created in 1985 and financed by the banking industry to fund affordable housing and neighborhood development in communities throughout the Commonwealth.

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PARTNERSHIP PROFILE

Manchester housing authority buys building

In the latest victory to preserve affordable housing in this seaside North Shore town, the Manchester Housing Authority recently purchased a 21-unit downtown apartment building and adjacent land for \$2.75 million.

The site, right across the street from the commuter rail station and steps from the harbor, would most likely have gone upscale had the housing authority not come forward with its attempt to keep the property affordable for the working people of Manchester.

"Postal workers, teachers, firefighters, cashiers at the market, those are the people that are an important dynamic for the town," said Marc Bliss, board member of the Manchester Housing Authority. "For those people to not to be able to live in town would be ludicrous."



Manchester Housing Authority Executive Director Joanne Graves reviews plans to renovate 12 Summer St. With MHP's help, the housing authority was able to purchase the 21 apartments and will keep them affordable by assigning a non-profit developer to develop the rest of the property.

MHP aided the housing authority's effort every step of the way. Its technical assistance fund was used to hire Affirmative Investments Inc. to come up with a strategy for the property. Later, MHP provided a \$50,000 predevelopment loan to carry the project forward.

The next break came in the spring of

2000 when Town Meeting voted to spend \$600,000 on the project.

The final plan calls for the housing authority to purchase the property and manage the apartment building, and to select a non-profit developer to develop the rest of the property. A mix of new housing, some affordable, is being studied.



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